



Daily Report

China

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Daily Report

China

FBIS-CHI-96-046

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General

PRC: Spokesman Rejects U.S. Response to PLA Missile Training

*OW0703111996 Beijing XINHUA in English
1107 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — The issue of Taiwan is entirely an internal affair of China, and no other country should interfere in it, Chinese Foreign Ministry Spokesman Shen Guofang said here today.

He made the remark while asked to comment on the reactions of US Secretary of Defense William Perry and US Ambassador to China James Sasser on the missile-launching training to be conducted from March 8 to 15 by the Chinese People's Liberation Army in the East and South China Seas.

Shen noted that the current tension across the Taiwan Strait is caused by some members of the Taiwan authorities who preach the "independence" of Taiwan, and pursue a "two Chinas" or "one China, one Taiwan" policy.

The US government, the spokesman said, has repeatedly violated three Sino-US communiques by allowing Li Teng-hui [Li Denghui] to visit the US, elevating its relations with Taiwan and selling advanced weapons such as F-16 jet fighters to the island.

These moves have encouraged the "pro-independence" forces in Taiwan, he stressed.

The spokesman said that the Chinese side has repeatedly made solemn representations to the US side in this regard, urging the US government to observe the principles of the three Sino-US communiques by stopping its interference in China's internal affairs, developing no official ties with Taiwan and proliferating no weapons in the region.

He said that the US side should do more for the safety and stability across the Taiwan Strait instead of encouraging the "pro-independence" forces in Taiwan.

PRC: Spokesman Denies Missile Exercise Poses Danger

*OW0703093796 Hong Kong AFP in English
0851 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (AFP) — China denied Thursday its missile exercise near Taiwan posed a danger and was an attempt to simulate a blockade of the island.

"The missiles will pose no danger," said Foreign Ministry spokesman Shen Guofang.

He called the exercises "normal" and an attempt to improve the Chinese Army and its ability to defend the country.

"The exercises are not targetted against the ordinary people in Taiwan," he said.

Foreign military experts have said an accident caused by a missile guidance error could not be ruled out and could have catastrophic consequences.

Taiwan has warned it will retaliate if any missiles land within its territorial waters, and a Hong Kong newspaper reported that China was prepared to attack Taiwan if its missile drill goes wrong and unleashes retaliation.

The MING PAO daily quoted unidentified sources in Beijing as saying the Chinese military had devised contingency plans if the drill escalated into a conflict.

China has warned ships and planes to stay out of the two splashdown areas during the week of tests from Friday. Asked if the exercises constituted an economic blockade of the island, Shen replied, "the Taiwan Strait itself is small. There will be somewhere where the bombs will end."

The splashdown zones are located southwest and northeast of the island, near Taipei and the southern port of Kaohsiung.

The drill comes before Taiwan's first direct presidential elections on March 23 and is widely seen as an attempt to intimidate Taiwan, which Beijing has considered a renegade province since the end of the civil war in 1949.

The MING PAO daily also said the "war cry" coming from within the People's Liberation Army was "strong."

It said the military was eager to repair damage to its domestic image caused by its suppression of pro-democracy demonstrators in Tiananmen Square on June 4, 1989.

PRC: Spokesman Criticizes U.S. Human Rights Report

*OW0703095096 Beijing XINHUA in English
0938 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — A spokesman for the Chinese foreign ministry said here today that China is "resolutely opposed" to the US act of interfering in other countries' internal affairs under the pretext of human rights.

Spokesman Shen Guofang made the remarks when he was asked at a weekly press conference to comment on the 1995 Human Rights Report by the US State Department which criticizes China's human rights situation.

INTERNATIONAL AFFAIRS

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Shen said China's Constitution and appropriate laws fully guarantee the rights of the Chinese people of all ethnic groups.

"The efforts made and progress achieved by China over the past decades in protecting and promoting the legitimate rights and interests of its people are known to all," he said.

"At present," he added, "China enjoys political stability, economic development, social progress and ethnic harmony, and its people live and work in peace and contentment while enjoying unprecedented democratic rights."

However, Shen noted, the 1995 Human Rights Report by the US State Department "defies this fact and makes unwarranted comments on China's human rights situation, which was utterly out of ulterior motives."

"The question of human rights is, in the final analysis, a matter within the bounds of a country's sovereignty," he said. "Every country has the right to protect and promote human rights in light of its actual conditions. The United States does not have the right to make irresponsible remarks on the internal affairs of China or any other country."

"We are resolutely opposed to such an act of interfering in other countries' internal affairs under the pretext of human rights," the spokesman said.

When the leaders of China and the US met in New York and Osaka last year, Shen recalled, the US side expressed its hope for avoiding having confrontation with China on the human rights issue.

However, he noted, by "slandering China's human rights record through its Human Rights Report, the US side has obviously contradicted its stated position."

"If the US side is sincere indeed to stay away from confrontation, it should make good on its words by taking tangible actions and break clear with its wrongful practice of making unwarranted charges against other countries' human rights situation and wantonly interfering in their internal affairs," he said.

PRC: Spokesman on 'Unwarranted' U.S. Comments on Human Rights

OW0703112896 Beijing XINHUA Domestic Service in Chinese 0946 GMT 7 Mar 96

[FBIS Translated Text] Beijing, 7 Mar (XINHUA) — Responding to reporters' questions at a news conference here today, Foreign Ministry spokesman Shen Guofang pointed out: The U.S. State Department's 1995 "Human Rights Report" makes unwarranted comments [wang jia ping lun 1174 0502 6097 6158] on China's human rights

situation. This is entirely out of ulterior motives [wan quan shi bie you yong xin di 1346 0356 2508 0446 2589 3938 1800 4104]. China is resolutely opposed [jian jue fan dui 1017 0414 0646 1417] to this act of interfering in other countries' internal affairs under the pretext of human rights.

A reporter asked: The U.S. State Department's 1995 "Human Rights Report" is critical of China's human rights situation. What is your comment on this report?

Shen Guofang said: The Chinese Constitution and relevant laws fully guarantee the rights of people of all ethnic groups in China. The efforts and progress made by China over the past several decades in protecting and promoting the legitimate rights and interests of its people are known to all. At present, China enjoys political stability, economic development, social progress, and ethnic harmony, and its people live and work in peace and contentment and enjoy unprecedented democratic rights.

He said: The U.S. State Department's 1995 "Human Rights Report" disregards this fact and makes unwarranted comments on China's human rights situation. This is entirely out of ulterior motives.

Shen Guofang pointed out: The question of human rights is, in the final analysis, a matter within the bounds of a country's sovereignty. Every country has a right to protect and promote human rights in light of its actual conditions. The United States has no right to make irresponsible remarks [shuo san dao si 6141 0005 6670 0934] on the internal affairs of China or any other country. China is resolutely opposed to this act of interfering in other countries' internal affairs under the pretext of human rights.

Shen Guofang also said: During the meetings of the Chinese and U.S. leaders in New York and Osaka last year, the U.S. side expressed its hope for avoiding confrontation with China on the human rights issue. By attacking [gong ji 2396 2345] China's human rights situation through its "Human Rights Report," the U.S. side has obviously contradicted its state position. If the U.S. side is indeed sincere about avoiding confrontation, it should make good on its words by taking practical actions and by thoroughly changing its wrongful practice of making irresponsible remarks on and wantonly interfering in other countries' internal affairs on the human rights issue [jiu ying dang yi shi ji xing dong lu xing zi ji di cheng nuo che di gai bian zai ren quan wen ti shang dui bie guo nei bu shi wu shuo san dao si heng jia gan she di cuo wu zuo fa 1432 2019 3981 0110 1395 7139 5887 0520 1462 5887 5261 1569 4104 2110 6179 1796 1646 2395 6239 0961 0086 2938 0795 7344 0006 1417 0446 0948 0355 6752 0057 0523]

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6137 0254 3127].

PRC: Spokesman's Criticism of U.S. Human Rights Report Cited

*OW0703092996 Hong Kong AFP in English
0901 GMT 7 Mar 96*

[FBIS Transcribed Text] Beijing, March 7 (AFP) — China lashed out at the United States Thursday over new criticism of its human rights record, saying Washington's "confrontational approach" had damaged the basis for bilateral dialogue on the sensitive issue.

Foreign ministry spokesman Shen Guofang said the U.S. State Department's annual human rights review ignored China's clear progress in protecting its citizens' legitimate rights over the past decade "and makes unwarranted comments... entirely out of ulterior motives."

Stressing that human rights lay within the bounds of a nation's sovereignty and must be judged on the basis of actual conditions, Shen said "the United States does not have the right to make irresponsible remarks on the internal affairs of China or any other country." "We are resolutely opposed to such an act of interference in another country's internal affairs under the pretext of human rights," he added.

The U.S. report, released Wednesday, said economic development and rising living standards in China had failed to bring about parallel improvements in human rights, due to the authorities' unwillingness "to abide by the fundamental international norms."

Beijing continues "to commit widespread and well-documented human rights abuses," it said in what has been interpreted as an official acknowledgement of the failure of Washington's policy of delinking economic from human right issues in U.S. dealings with China.

Shen said that by releasing such a report "slandering" China, the United States was contradicting its stated desire to avoid confrontation with Beijing over human rights.

"If the U.S. side is sincere about staying away from confrontation it should make good its words by taking tangible actions and steer clear of the wrongful practice of make [as received] unwarranted charges against other countries' human rights situation and wantonly interfering in their internal affairs," he said.

"The United States has been taking a confrontational approach with China on the issue of human rights which has damaged the basis and the atmosphere for dialogue. Therefore we feel such an approach is most unwise," he added.

The last talks between U.S. Undersecretary of State for Humanitarian Affairs John Shattuck and Chinese counterparts was in January 1995, following the resumption of dialogue after a suspension resulting from China's anger over the U.S. official's February 1994 meeting with dissident Wei Jingsheng.

China is willing to engage in dialogue on human rights, but only on the basis of "peaceful coexistence and mutual respect," as has been the case with certain European countries and Canada, Shen said.

United States & Canada

PRC: Missile Test 'Unlikely' To Affect Sino-U.S. Ties

*OW0603100996 Hong Kong AFP in English
0941 GMT 6 Mar 96*

[By Tiffany Bown]

[FBIS Transcribed Text] Beijing, March 6 (AFP) — China's upcoming missile exercises in the Taiwan Strait are unlikely to have any serious impact on rocky Sino-U.S. ties, despite Washington's condemnation of the planned manoeuvres, diplomats said Wednesday.

China's announcement Tuesday of plans to stage the week-long exercises just off the coast of Taiwan from Friday constitutes a "noticeable increase in pressure" ahead of the island's first democratic presidential polls, "but it is still within the range of what is expected," said one Western diplomat.

"It's still a matter of military posturing," he said.

U.S. Defence Secretary William Perry deplored the Chinese decision to stage the tests so close to Taiwan just ahead of its March 23 elections, saying it was "a very bad mistake" that would not be helpful to ensuring stability in the region.

But outrage was strongest in Congress, which reacted by introducing a non-binding resolution calling on the U.S. administration to make firm commitments to defend the Nationalist island — with which Washington has no official ties — in the event of attack by China.

Diplomats here dismissed the U.S. reactions as necessary responses to China's announcement, saying the Beijing leadership would have expected such statements and actions.

"China is beginning to get the message that congressional policy and U.S. policy are not the same thing. They'll probably react with their usual huffing and puffing and try to get Washington to restate its commitment to 'one China' — but I don't think it will worry them overmuch," said one.

China, which regards Taiwan as a renegade province, maintains a threat to invade should the island declare independence.

The United States' present Taiwan Relations Act says that any such attack would spark serious concern in Washington and prompt U.S. arms sales to Taiwan, but contains no commitments to intervene on the island's behalf.

The upcoming missile tests are the fourth and most provocative of a series since ties between China and Taiwan plunged following Taiwanese President Li Teng-hui's June visit to the United States, which Beijing interpreted as part of a plot to promote independence.

The visit also prompted a sharp downturn in Sino-U.S. ties. Relations have since recovered to some extent, but the Taiwan issue is a continuing cause of tensions.

However, diplomats here predicted the relationship between Beijing and Washington would survive the sensitive period in the run-up to Taiwan's elections — unless an "accident" in the military exercises resulted in an escalation of tensions.

China's main objective is to get its "pound of flesh" from Taiwan for perceived pro-independence activities and warn its leadership against continuing with such a policy, while the United States hopes to remain on the sidelines, calling for caution from both sides, one diplomat said.

The Congressional resolution, if passed, would be "symbolic and nothing more," he said, ruling out any parallel strengthening of the administration's policy towards Taiwan.

"There is not such a qualitative difference in this military test and previous Chinese actions that would necessitate a qualitative difference in the response from the U.S.. They'll likely express their concern in stronger terms and nothing more," said another diplomat.

Far from following the Congressional lead in tightening commitments over defending Taiwan, the U.S. administration is keen to keep them as "vague" as possible to avoid encouraging either Beijing nor Taipei to develop strategies on the basis of Washington's policy, he said.

"The Americans' aim is to ensure there is ambiguity all round," he added.

PRC: Official Proves 'Distortion' in U.S. Orphanage Report

OW0703120696 Beijing XINHUA in English
1153 GMT 7 Mar 96

[FBIS Transcribed Text] Shanghai, March 7 (XINHUA)
— An official with the civil affairs department of

China's leading business center recently quoted facts that proved that the US's report on China's treatment of handicapped children was distortion.

The official told XINHUA that data from a report of Human Rights Watch/Asia, an American organization, was fabricated by Zhang Shuyun who exaggerated a great deal.

The official noted that the US report went on at length about the history and status quo of the Shanghai Child Welfare Institute and jumped to the conclusion the institute is far worse than its predecessor, which was founded in 1911 by a member of the Roman Catholic church named Lu Bohong.

After the founding of the People's Republic of China in 1949, the local government set about improving the place. It changed the name in 1956 to the one it now bears and turned it into a social charitable organization sponsored by the local government.

The institute now covers an area of 23,771 sq.m. and has total floor space of 17,000 sq.m. It has 27 administrative staff members, 25 medical personnel, 242 nurses, and 16 teachers.

It began accepting handicapped children in 1978, and now has 600 children under the age of 16, including about 500 who were abandoned or are orphans, and the rest handicapped children sent there by their parents.

All these children have the assurance of a happier life, better health care, and education, the official pointed out, adding that the Institute provides different children with different types of education adapted to their needs.

Children in the institute also receive care from the whole of society, the official said, citing figures that more than 700 families have taken part in caring for these children, and 103 families have taken orphans into their homes to let them enjoy the warmth of a family.

The local government has been increasing funds for the institute yearly, and in 1995 alone, funds amounted to over five million yuan (about 600,000 US dollars), excluding other special funds.

In its report, Human Rights Watch/Asia cited a series of figures provided by a man named Yang Jiezeng who claimed to be a "director" of the Shanghai Child Welfare Institute in a report delivered in October, 1964.

However, Yang's personnel file has no record of his having been at the institute from 1963 to 1976.

It seems quite obvious that the figures quoted by Human Rights Watch/Asia are totally useless, the official said.

The materials used by the Human Rights Watch/Asia were provided by Zhang Shuyun, a laboratory technician at the institute. But, Zhang had been criticized and subject to disciplinary action for listing her personal travel expenses on an expense account for official business and asking to be reimbursed and for taking care of personal matters during office hours.

Because she resented this, Zhang framed up the charges to get even with her superiors. The accusations about the form and the specifics of the maltreatment and sexual harassment listed in the fifth chapter of the Human Rights Watch/Asia report were the product of Zhang's imagination.

The case of rape of an orphan girl by a former head of the institute, Han Tiecheng, was proven to be false after it was investigated.

The accusations against Sun Miaolin, who was a model worker in the field of special education, of sexual harassment on an orphan girl have likewise been proven to be false.

In fact, the official said, there are no cases of either sexual harassment or physical abuse at the Shanghai Child Welfare Institute. All those cited by Human Rights Watch/Asia were utterly groundless.

There is no such a thing as oral contraceptive abuse among orphan girls at the age of puberty at the institute because it has a strict system of management and controls of medical affairs, the official said.

Southeast Asia & Pacific

PRC: Vice Premier Zhu Rongji Meets Thai Counterpart

OW0603132696 Beijing XINHUA in English
0657 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA)
— Chinese Vice-Premier Zhu Rongji said here today

that the Chinese Government warmly welcomes and is looking forward to Thai Prime Minister Banhan Sinlapachacha's China visit later this month.

It is believed that the visit will further the Sino-Thai friendly ties in various fields, Zhu noted during his meeting with his Thai counterpart Amnuai Wirawan this morning.

Amnuai arrived here Tuesday [5 March] to attend a seminar on Thai-Chinese trade and investment sponsored by the Thai Embassy, which opened here today. The Thai deputy prime minister addressed the seminar earlier today.

During the meeting Zhu spoke highly of the development of Sino-Thai relations, saying that the two-way trade has enjoyed rapid development in recent years, and the frequent exchanges of visits by senior leaders of two countries have spurred the bilateral ties.

The prospects for such relations are bright, he added.

Thailand made great contributions to the success of the first Asia-Europe Meeting, which it hosted recently, he said.

Zhu also briefed the visitor on China's Ninth Five-Year Plan and development program to the year 2010, as well as the current economic situation in China.

Amnuai said that his current visit is aimed at strengthening Thai-Chinese cooperation in trade and investment, and his government attaches great importance to its relations with China, which plays a significant role in Asia.

NPC

PRC: Daily Views Focus of NPC, CPPCC Sessions (Part 1)

HK0703040096 Hong Kong WEN WEI PO in Chinese 2 Mar 96 p A2

[Special article by WEN WEI PO reporter group: "Perspective of Focus of This Year's 'Two Sessions'—Careful Analysis of China's Political and Economic Situation—Part 1"]

[PTS Translated Text for FBIS] Beijing, 1 Mar (WEN WEI PO)—The year 1996 is the first year of the Ninth Five-Year Plan. After the Spring Festival, members of the Chinese People's Political Consultative Conference [CPPCC] and people's deputies from all localities arrived in Beijing one after another to attend the Fourth Session of the Eighth CPPCC and the Fourth Session of the Eighth National People's Congress [NPC] held on 3 March and 5 March, respectively. The main topics of the "two sessions" are related to the Ninth Five-Year Plan and the Outline for the Long-Range Target for the Year 2010. The NPC will deliberate and approve the plan and outline while the CPPCC will discuss the two documents.

Formation of the Ninth Five-Year Plan and Outline for Long-Range Target

Since introduction of reform and opening up, profound changes have taken place in China's economic system and the market mechanism has gradually become prominent in the national economic development plan. The Ninth Five-Year Plan and the Long-Range Target for the Year 2010 took shape in the following: In view of the fact that the Ninth Five-Year Plan (1996-2000) fell within the turn of the century and converged with the second and third steps of China's development strategy, the Central Government decided to jointly draft the Ninth Five-Year Plan and Long-Range Target for the Year 2010 in 1993 so that the two could be organically combined and the people of the whole country could realize the fighting target of the next 15 years and the benefits they could obtain. The basic guidelines of the State Planning Commission for the plan and outline took shape in August 1994, which were submitted to the central authorities. In early March 1995, that is, the eve of last year's "two sessions," the Political Bureau of the CPC Central Committee made a resolution on setting up a special drafting group and at the same time arranged for 15 special investigation teams to make preparation for the drafting, which included the basic experience and achievements scored since reform and opening up, and the major tasks of reform, the Ninth Five-Year Plan, and the Long-Range Target for the Year 2010. Jiang Zemin, Li Peng, Zhu Rongji, and other high-level leaders gave

instructions on numerous occasions during the drafting of the documents. The drafting group held forums on four occasions to listen to the opinions of veteran experts and scholars from the economic departments. In late July, the Standing Committee of the Political Bureau of the CPC Central Committee examined the draft "Proposal of the CPC Central Committee on the Ninth Five-Year Plan for National Economic and Social Development and the Long-Range Target for the Year 2010." A plenary session of the Political Bureau also deliberated the draft in early August. In late August, the Standing Committee of the Political Bureau held three forums to listen to the opinions of veteran inner-party comrades, democratic parties, and figures without party affiliation and economic experts, and printed and distributed copies to the units at and above the provincial department levels nationwide for solicitation of opinions. Through such a process of pooling wisdom of the people, the "Proposal" was submitted to the Fifth Plenary Session of the 14th CPC Central Committee for approval.

Characteristic: Facing Market Economy

The Ninth Five-Year Plan and Long-Range Target for the Year 2010 is China's first mid and long-term development plan under the conditions of developing a socialist market economy. Compared with the past Eighth Five-Year Plan, stress is put on upgrading the concept of planning, reforming the contents and methods of planning, and emphasizing the basic role of distribution of resources in the market. In planning, prominence is given to the macroscopic, strategic, and policy nature of state planning.

The Eighth Five-Year Plan was a period in which China's economy grew the fastest. However, new problems have also cropped up, which mainly were: The major relationships in economic construction were not brought to a proper balance, which included the relationships between the growth and efficiency of economic development, between the primary and secondary and tertiary industries, between the central and localities, between the public and other economic sectors, and between the market mechanism and macroeconomic regulation and control. There are effective plans in the Ninth Five-Year Plan and Outline for the Long-Range Target for the Year 2010 on correctly handling these relationships.

Another major characteristic of the Ninth Five-Year Plan and the Long-Range Target for the Year 2010 is the introduction of the two changes made in the economic system and economic growth, that is, a change from the planned economic system to a socialist market economic

system and a change from extensive economic growth to intensive economic growth.

As the Ninth Five-Year Plan and Long-Range Target for the Year 2010 will be the focus of the current "two sessions," it is said that, besides part 1 "Review of National Economic and Social Development During the Eighth Five-Year Plan," part 6 "Proposal on Strengthening Democracy and Legal System," part 7 "Promote the Great Cause of Reunification of the Motherland," part 8 "International Situation and Diplomatic Affairs," and part 9 "Strive To Do Well Work in 1996 and Make a Good Beginning for the Ninth Five-Year Plan" of the "Government Work Report" (Draft) delivered on 5 March, around half of the remaining four parts will be focused on expounding the plan and outline, which will be submitted to the deputies for examination and to the members for deliberation. The documents will be distributed during the session and it is estimated that the deputies will hold heated discussions and express their views. In light of the deliberation and examination, necessary complement and amendments will be made.

State Council's 'Five Nos' Decision During the Two Sessions

Figures of the NPC Standing Committee disclosed that the question of prices will not be prominent at the current session. However, social order (the assassination of Li Peiyao reflected this point), suspension of production of some state enterprises, and fighting corruption and running a clean administration will be the major issues raised and proposed by the deputies. The State Council attaches great importance to the current session and especially made a five-point decision a few days ago to coordinate with the "two sessions" and perform its responsibilities for the NPC. The five-point decision includes: First, leaders of the ministries and commissions should not leave Beijing during the session so that they can listen to the views of deputies at any time and answer their questions; second, the ministries and commissions should not hold professional meetings with deputies participating and should not carry out activities outside the session; third, they should not attend banquets given by the provincial delegations or deputies; fourth, they should not distribute documents or materials to the "two sessions" without authorization; and fifth, the ministries and commissions may not present gifts to the delegations or receive gifts from them.

PRC: Daily Views Focus of NPC, CPPCC Sessions (Part 2)

HK0703045696 Hong Kong WEN WEI PO in Chinese
3 Mar 96 p A1

["Special article" by WEN WEI PO reporter group: "Two Sessions' and Cross-Strait Relations—Careful Analysis of China's Political and Economic Situation in Beijing—Part 2"]

[PTS Translated Text for FBIS] Beijing, 2 Mar (WEN WEI PO)— Though the agendas for the "two sessions" do not directly concern cross-strait relations, the present state and future development of cross-strait relations remain a matter of the greatest concern to Taiwan reporters who have come to Beijing over the last few days to cover the two sessions, due to the serious setback in cross-strait relations caused by Li Teng-hui's visit to the United States, the recent high tide of Taiwan's election campaign, and the playing up of the Liberation Army's possible military exercises off southeastern China by Taiwan and overseas media.

Jiang's "Eight-Point" Proposal Expounds the Policy Toward Taiwan

Beijing's general policy on the Taiwan issue is, in fact, very clearly set out in the speech entitled "Continue To Strive for Fulfillment of the Motherland's Great Cause of Reunification" made by President Jiang Zemin on 30 January 1995 (usually known as "Jiang's eight-point proposal"). Jiang's speech was designed to consolidate the achievements made in developing cross-strait relations over a dozen and more years, contain the forces pushing for "Taiwan independence" and splitting China, and prevent foreign forces interfering with the Taiwan issue, in order to push forward the process of China's peaceful reunification. On the basis of Deng Xiaoping's principles of "peaceful reunification, and one country, two systems," Jiang in his proposal came up with a series of new proposals for developing cross-strait relations.

At the 30 January 1996 rally held by Beijing's various sectors to mark the first anniversary of "Jiang's eight-point proposal," Premier Li Peng delivered a speech entitled "Fulfilling the Motherland's Great Cause of Reunification Is the Common Aspiration of the Whole Chinese People." In light of developments in cross-strait relations following Li Teng-hui's U.S. visit, Li Peng pointed out: "Since last June, the Chinese people have waged a struggle against 'Taiwan independence' and splittism, displaying their resolve and capacity to defend China's sovereignty and territorial integrity. The perverse acts of certain leaders of the Taiwan authorities have destabilized cross-strait relations and directly

endangered Taiwan's economic development and social stability as well as Taiwan compatriots' immediate interests." It should be said that these remarks, which carry considerable weight, clearly underline the mainland hierarchy's assessment of the Taiwan situation in the wake of Li Teng-hui's U.S. visit.

The Section in the Government Work Report Dealing With the Taiwan Issue

The struggle initiated on the mainland since last June against splittism and "Taiwan independence" has enabled mainland people to understand Li Teng-hui's splittist features. The 1.2 billion mainland people are of the same view on reunification. It is learned that quite many representatives and members will bring forward motions promoting the motherland's peaceful reunification and opposing "Taiwan independence" before the "two sessions."

Half of the seventh section of Premier Li Peng's "Government Work Report" (draft), which was subtitled "Enthusiastically Promote the Motherland's Great Cause of Peaceful Reunification," was devoted to the Taiwan issue. Li Peng said: "Through common efforts by compatriots on both sides of the Taiwan Strait over many years past, cross-strait people-to-people contacts and exchanges in economic and cultural fields have developed a great deal. To put an end to secession and fulfill the great cause of reunification according to the principle of 'peaceful reunification, and one country, two systems' has been our consistent position. President Jiang Zemin's eight-point proposal on promoting the motherland's reunification is welcomed by people at home and abroad. Our struggle against the attempts of certain leaders of the Taiwan authorities to create 'two Chinas' or 'one China, one Taiwan' and to seek 'Taiwan independence' demonstrates our determination and capacity to defend state sovereignty and territorial integrity. The Taiwan issue is purely China's internal affair, and foreign forces are not allowed to interfere under any pretext and in any form. We stand for peaceful reunification and have made consistent efforts to achieve this, but we have never promised to renounce the use of force. This is not directed against Taiwan compatriots, but rather against foreign forces' attempts to intervene in China's reunification and push for 'Taiwan independence.' Taiwan's status as a part of China can never be changed. The Chinese Government and people are determined and capable of defending state sovereignty and territorial integrity, will never allow Taiwan to break away from the motherland, and will never allow any attempt to split the motherland to succeed. We place hopes on the Taiwan people and sincerely call on the Chinese people as a whole including Taiwan compatriots to join

hands and work hard for achieving full reunification of the motherland. History will always remember those who have contributed to achieving reunification of the motherland."

The "Two Sessions" Are Concerned About the Taiwan Issue

In its "News Network Show" today, the CCTV highlighted Chinese People's Political Consultative Conference [CPPCC] members' criticism of incumbent Taiwan leaders' behavior and Li Teng-hui, in covering CPPCC's activities. Clearly, the issue concerning cross-strait relations will become the central issue for the "two sessions" and for the general public, while Premier Li Peng's exposition about the Taiwan issue in his government work report will certainly attract attention inside and outside China.

PRC: Daily Views Focus of NPC, CPPCC Sessions (Part 3)

HK0703081896 Hong Kong WEN WEI PO in Chinese 4 Mar 96 p B1

["Special article" by WEN WEI PO reporter group: "Major Achievements Attained in China's Diplomacy—Careful Analysis of China's Political and Economic Situation in Beijing—Part 3"]

[PTS Translated Text for FBIS] Since the "two sessions" of last year, some new changes have taken place in the international situation; but generally speaking, the international environment today and for some time in the future is favorable to China's modernization. In formulating the Ninth Five-Year Plan and the long-range program, China must accurately take stock of the situation.

How the Central Committee Views the International Environment

When discussing the international environment during the Ninth Five-Year Plan and the long-range program at the Fifth Plenary Session, the Central Committee held that the world pattern is developing in the direction of pluralism, that a world war is not likely to break out for the time being, and that peace and development are the themes for the world today. Science and technology are rapidly developing in the world, and the pace of industrial readjustment has quickened. International trade and investment are more active, and the formation of economic regions and groups will develop further. The role of the economic factor in international economic relations has markedly strengthened. The Central Committee thus believes that the general developing trend of the world economy and politics provides China's modernization with a rare opportunity for development.

Nevertheless, the world is not entirely peaceful. There are still many unstable and uncertain factors amid the changing international situation. China is facing two great pressures. The first is the fact that some developed countries are pressuring China with their advantages in economy, science, and technology, and economic frictions will increase. The other pressure comes from international hegemonism and power politics; such forces are utilizing the Taiwan, Tibet, and human rights issues to intervene in China's internal affairs and contain China. Such conditions have urged the Chinese people to think of danger in peacetime and go all out to make the country powerful.

Ups and Downs in Sino-U.S. Relations

Sino-U.S. relations over the past year have reflected this point. At present, the condition of Sino-U.S. relations is that "Sino-U.S. relations have gone through grave difficulties; this is entirely the result of the United States' unwise [bu ming zhi 0008 2494 2535] policy toward China. Through the efforts of both sides, bilateral relations have somewhat improved, but there are still ups and downs" [qi fu bu ding 6386 0126 0008 1353]. This is a general election year in the United States; it seems that Sino-U.S. relations will continue to be characterized by "ups and downs" because of the unwise factor of U.S. foreign policy. The recent adoption of a bill that places the Taiwan Relations Act above the Sino-U.S. "19 May Communiqué" by the U.S. Senate and House of Representatives serves as an example.

Under the condition whereby the old world pattern was broken but a new pattern has not yet taken shape, China adheres to a peaceful foreign policy characterized by independence and taking the initiative in its own hands. Over the past year, the Chinese Government has attained great achievements, which will surely be highly evaluated in the "two sessions."

Improve and Develop Good Neighborly, Friendly Relations

Over the past year, China has continued to develop goodneighborly, friendly relations with all countries on its periphery [zhou bian guo jia 0719 6708 0948 1367]. Some of the border issues between China and a small number of neighboring countries [lin guo 6775 0948] left over from history have been resolved, some are undergoing negotiation, and in other cases, accords on maintaining peace and tranquility have been reached. Russia is China's largest neighboring country. Between China and Russia lies a very long border. In recent years, bilateral cooperation in many arenas has developed in depth. The Russian President Yeltsin is to visit China next month. At that time, leaders

of China, Russia, and five Middle East countries will sign an important document in Shanghai, which will be an important achievement in China's consolidation and development of good-neighborly, friendly relations with its northern and western neighboring countries. Regarding this, Premier Li Peng will state in his report to the National People's Congress: "Continue to develop friendly cooperation with Russia and attach importance to the economically complementary role of the two countries."

The space the report devotes to China's neighboring countries in Northeast Asia is limited, but the quintessence is highlighted without elaboration. DPRK—"Safeguard and develop the traditional friendship with the DPRK." ROK—"Strengthen cooperation in equality and mutual benefit with the ROK." Japan—"Develop long-term, stable friendly relations with Japan, based on the spirit of learning lessons from the past to guide one in the future."

Next 15 Years Are Vitrally Important

The next 15 years are vitally important to China's development. Toward the end of the 19th Century China was humiliated by various powers, and Taiwan Province was ceded and occupied exactly a century ago. Today, China has become a power that no one dares to bully. A peaceful environment in the next 15 years will enable China to continue to push forward modernization; it will also have a bearing on the country being prosperous and powerful and on the reinvigoration of the Chinese nation, lasting political stability, and China's place and future in a changing world pattern. Deputies to the "two conferences" represent the popular will and opinions of the whole country; they will deliberate and adopt the Ninth Five-Year Plan and the long-range program, so that the people may have an explicit goal of struggle and a clear picture of China's place in the world from now on.

PRC: Deng Xiaoping Reportedly Following NPC Session

OW0603140496 Beijing Central Television Program
One Network in Mandarin 1123 GMT 6 Mar 96

[Unidentified correspondent video report; from the "National News Hookup" program]

[FBIS Translated Text] At an interview on the afternoon of 6 March with a Central Television reporter, Xiao Rong, a deputy attending the Fourth Session of the Eighth National People's Congress [NPC], said Comrade Deng Xiaoping had been very much concerned about the progress of the two sessions [the Fourth Session of the Eighth NPC and the Fourth Session of the

Eighth National Committee of the Chinese People's Political Consultative Conference) since they opened. The following is a report on the interview:

[Reporter] How are you, Comrade Xiao Rong. I am a reporter of the Central Television Station. Through what media did Comrade Deng Xiaoping learn about the progress of the two sessions?

[Xiao Rong] He is very much concerned about the two sessions. He himself is an NPC deputy, and, because of his old age, he is unable to attend the session. However, he is very much concerned about the two sessions. He has watched the news about them every day, and he also watched the live relay of the opening session. It is in this way that he watched reports, the sessions, briefings, and [words indistinct].

[Reporter] Did Comrade Deng Xiaoping watch television every day?

[Xiao Rong] Yes, every day, especially the news hookup. It was just like a compulsory subject for him. He watched every day.

[Reporter] Did Comrade Deng Xiaoping watch the opening session from beginning to end?

[Xiao Rong] Yes, of course. He watched it with great interest.

PRC: Ministers Deliver Planning, Budget Reports at NPC

OW0703124696 Beijing XINHUA Domestic Service in Chinese 0932 GMT 5 Mar 96

[FBIS Translated Text] Beijing, 5 Mar (XINHUA) — The second plenary meeting of the Fourth Session of the Eighth National People's Congress [NPC] was held this afternoon at the Great Hall of the People.

Entrusted by the State Council, Chen Jinhua, minister in charge of the State Planning Commission, and Liu Zhongli, finance minister, respectively delivered at the meeting the "Report on the Execution of the 1995 National Economic and Social Development Program and on the Draft 1996 National Economic and Social Development Program" and the "Report on the Execution of the Central and Local Governments Budgets for 1995 and on Their Draft Budgets for 1996."

While reporting on the basic situation of national economic and social development in 1995, Chen Jinhua said the 1995 National Economic and Social Development Program was executed well, and the primary macroeconomic regulation and control objectives were achieved. He explained last year's major achievements in the following aspects:

— Initial results were achieved in curbing inflation. The index of retail prices rose 14.8 percent last year, attaining the price regulation and control target set by the Third Session of the Eighth NPC.

— The national economy continued to grow. Last year's gross domestic product [GDP] reached 5,773.3 billion yuan, up 10.2 percent from the previous year, a continuation of the relatively high growth rate.

— Key construction was further strengthened.

— Gap between financial revenues and expenditures, and credit were well under control.

— Efforts were made to continue advancing reform of the economic system.

— New progress was made in opening up to the outside world. Total import and export volume reached \$280.9 billion last year, 18.6 percent more than the year before. The state's foreign exchange reserves reached \$73.6 billion at the end of last year, \$22 billion more than the beginning of the year.

— Science and technological education and work in all social sectors developed robustly.

— Urban and rural residents' livelihood further improved. Peasants' per capita net income was 1,578 yuan last year, up 5.3 percent in real terms from the year before. Urban residents' per capita living expenses income was 3,893 yuan, an increase of 4.9 percent in real terms.

Chen Jinhua said achievements in national economic and social development in 1995 signified the successful fulfillment of the Eighth Five-Year Plan. He said: The Eighth Five-Year Plan was one of the best-implemented five-year plans since the founding of the republic. We achieved 5 years ahead of time the strategic goal set by Comrade Deng Xiaoping of quadrupling the 1980 gross national product [GNP]. Social productive forces developed rapidly; the overall national strength increased noticeably; construction of infrastructural facility greatly accelerated; and the economic structure was improved. Important steps were made in making reforms designed to build a socialist market economic system, and the overall setup of opening up to the outside world was basically established. Noticeable results were made in strengthening and improving macroeconomic regulation and control, and new experiences were accumulated. Chen Jinhua said these achievements have laid a relatively good foundation for development over the Ninth Five-Year Plan period, and in early 21st century.

Chen Jinhua also pointed out the prominent contradictions and problems in economic life: Price increases were still at a relatively high level and inflation pressure

was still quite great; agriculture was still the weakest link in national economy; and agricultural production was still unable to meet the requirements of national economic development and continuous improvement in people's living standards. In addition, reform of some state-owned enterprises progressed slowly; their production and management were in difficulty; their losses increased; funds tied up by their products and finished products increased; delinquency in making payment was serious between enterprises; enterprises' economic efficiency was poor; income gaps between some segments of society were wide; the livelihood of some people with low incomes was difficult; the central government's and some local governments' financial situations were still difficult; financial discipline was slack; the extensive economic growth mode particularly seriously hampered the economy from developing in a healthy manner.

Regarding the major objectives and tasks of the 1996 national economic and social development program, Chen Jinhua said: The overall economic work requirement for 1996 set by the party Central Committee is: Adhere to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; carry out the basic principle of "seizing the opportunity, deepening reform, broadening the scope of opening up, accelerating development, and maintaining stability"; correctly handle the relationships between reform, development, and stability; make efforts to advance the transformation of the economic system and the change of the economic growth mode; seriously implement the strategy of vitalizing the country through science and education; continue to strengthen agriculture as the foundation of the national economy; ensure the reform and development of state-owned enterprises; strengthen and improve macroeconomic regulation and control; further lower prices; strive to raise the level of opening up to the outside world; ensure that the national economy develops rapidly and in a sustained and healthy manner; and ensure progress in all social sectors, in order to lay a good foundation for fulfilling all tasks set in the Ninth Five-Year Plan.

Based on this overall requirement, in his report, Chen Jinhua set the major macroeconomic regulation and control targets of national economic and social development for 1996: GDP to grow 8 percent; the total fixed asset investment rate to be at about 32 percent; nationwide retail price increases to be controlled at about 10 percent; monetary supply to be controlled at 100 billion yuan; the gap between the central government's financial revenues and expenditures to be reduced by 5 billion yuan from the previous year; 195.2 billion yuan of state treasury bonds to be issued; total import and export volume to reach \$281 billion; natural population growth to be

controlled within 1.2 percent; more than 7 million jobs to be added in urban areas; more than 5 million people in the rural labor force are to shift from primary industry to secondary and tertiary industries.

Chen Jinhua said: According to the aforementioned targets, a few major tasks in various fields in the 1996 national economic and social development program are to be accomplished: maintain an appropriate economic growth rate and improve the overall quality and efficiency of the national economy; continue to curb inflation to ensure that price regulation and control targets are attained; truly strengthen agriculture and make all-out efforts to win a bumper agricultural harvest; continue to deepen reform of state-owned enterprises and implement supplementary reform measures; further improve the investment structure and strive to improve investment efficiency; improve foreign trade efficiency and step up guiding the utilization of foreign funds; accelerate transformation of scientific research and technological results; give priority to developing education; develop social work in all fields to continue to improve people's livelihood.

Chen Jinhua said: to achieve the targets set in the 1996 national economic and social development program, we must make positive efforts to accelerate the change of the economic growth mode. He said: Economic growth should be based on fully making use of the existing foundation, increasing scientific and technological progress' contribution to economic growth, applying ourselves to conserving and efficiently utilizing resources, further improving enterprises' organizational and investment structures, fully make use of market mechanisms and the law that allows superior-quality to triumph over inferior quality, and create a good macroenvironment for accelerating the change of the economic growth mode.

Delivering a report on implementation of the central and local budgets for 1995, Liu Zhongli said: On the basis of economic reform and development, the central and local budgets were implemented fairly satisfactory. According to preliminary statistics, national financial revenues came to 618.773 billion yuan, or 108.7 percent of the budgeted amount, an increase of 96.963 billion yuan over the 1994 figure representing a growth of 18.6 percent; national financial expenditures reached 680.917 billion yuan, or 107.1 percent of the budgeted amount, an increase of 101.655 billion yuan representing a growth of 17.6 percent. The balance showed that expenditures were greater than revenues by 62.144 billion yuan.

After giving a briefing on how the state revenues and expenditures for 1995 were compiled according to the

dual budget system, Liu Zhongli said: The year 1995 was the first year in which the "budget law" was implemented. According to the "budget law," the NPC is responsible for examining and approving draft central and local budgets, and the implementation of the central and local budgets. He reported an overall summary of the implementation of the central and local budgets in 1995 as follows: Total central financial revenues came to 384.513 billion yuan, or 100.5 percent of the budgeted amount. Total central financial expenditures reached 450.955 billion yuan, or 100.3 percent of the budgeted amount. The results were 66.442 billion yuan in the red, but did not break the set limit of 66.68 billion yuan.

Liu Zhongli said: Great success was made in the 1995 financial work, with financial and taxation systems improving continuously, and financial revenues increasing steadily. The financial expenditures, while ensuring sufficient expenditures for major projects, were under fairly good control. But we should also have a clear understanding of the problems existing in financial work, which include: 1) The central financial situation was still not satisfactory, with deficit figures remaining big, and debt burdens remaining great. 2) Some counties and townships still faced great financial difficulties. 3) Chaotic phenomena existed in financial and economic order. 4) The growth of expenditures was still too fast.

Liu Zhongli said: The principle for arranging the 1996 central and local budgets was as follows: Conscientiously implement the guidelines of the Fifth Plenary Sessions of the 14th CPC Central Committee, adhere to the fundamental principle of seizing the opportunity, deepen reform, open up wider, promote development, and maintain stability, carry out an appropriately stringent [shi du cong jin 6624 1653 1783 4868] financial policy, actively support economic development, continue to improve financial and taxation reforms, consolidate financial and economic order, increase financial revenues, plan our expenditure in the light of our income, tightly control financial expenditure, combat all kinds of extravagances and waste, take measures to broaden sources of income and reduce expenditure, and work hard to reduce financial deficits.

While presenting an overall summary of draft central and local budgets for 1996, Liu Zhongli said: National financial revenues are targeted at 687.218 billion yuan, an increase of 11.1 percent over the 1995 real figures. National financial expenditures are targeted at 748.66 billion yuan, an increase of 9.9 percent over the 1995 real figures. This will result in a deficit of 61.442 billion yuan, or a drop of 5 billion yuan compared with the real balance in 1995.

In his report, Liu Zhongli said: To carry out well the 1996 central and local budgets, efforts should be made in the following aspects: 1) It is necessary to develop the economy, broaden financial sources, and actively push for the change of economic growth patterns. 2) It is necessary to consolidate and improve the new financial and taxation systems and take further steps to rationalize the relations of distribution. 3) Great efforts should be made to strengthen the imposition and collection of taxes and revenues to ensure the accomplishment of budgeted revenues. 4) It is necessary to reasonably readjust the expenditure structure so as to bring financial expenditures under control. 5) The construction of a legal system for financial work should be strengthened, and financial and economic order be greatly consolidated.

This afternoon's meeting was presided over by Tian Jiyun, executive chairman of the session. Also seated in the front row of the rostrum were executive chairmen Chen Muhua, Fei Xiaotong, Wu Jieping, Wang Chaowen, Wang Qun, Ye Gongqi, Zhu Liang, Liu Huaqing, Ruan Chongwu, Zhang Kehui, Zhang Boxing, Zhang Jianmin, Amudun Niyaz, Meng Fulin, Zhao Dongwan, Jia Qinglin, and Henry Fok Ying-tung.

PRC: Economic Terms in Li Peng's NPC Report Explained

OW0603133196 Beijing XINHUA in English
0828 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — In his report on China's medium- and long-term development programs at the current session of the Eighth National People's Congress, Chinese Premier Li Peng used some terms. Following is a brief explanation of them.

— Three-step development strategy. China worked out a three-step development strategy in the early 1980s to achieve the country's modernization. The three steps are: to double the country's 1980 per capita GNP in the first ten years of the strategy's implementation with adequate food and clothing for the people as the goal (first step), to redouble the doubled per capita GNP by the end of the century (second step), and to achieve modernizations by the middle of the next century (third step).

— Comfortable-life housing project. In housing reform, the state will offer financial assistance to workers and teachers with difficulty in housing to ensure that each person will have a living space of at least eight sq m. The project started in 1995 and will take five years to complete.

— System of provincial governors having responsibility for the "rice bag". This means governors are held responsible for local grain supplies.

— System of mayors having responsibility for "the vegetable basket". This means mayors must work hard to ensure adequate supplies of meat, eggs, milk and vegetables for their respective cities.

PRC: Senior Officials View Social, Economic Development Program

OW0703003796 Beijing XINHUA in English
1834 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Some senior officials of the Communist Party of China (CPC) today joined panel discussions on premier Li Peng's report on national economic and social development for the next five years and up to the year 2010, which was delivered Tuesday [5 March] at the opening session of the Eighth National People's congress.

Tian Jiyun, a member of the political bureau of the CPC central committee, took part in discussions of delegates from Guizhou, an underdeveloped province in the southwest.

Tian, also a vice-chairman of the standing committee of the NPC, said the central government attaches prime importance to development in the midwest and has granted the region a number of preferential policies.

The problem now is how to implement the policies, Tian said, who encouraged Guizhou to turn its advantage in natural resources to economic advantages.

On poverty-relief, Tian said that the central government will dispatch a group of officials to the midwest as an effective measure to promote economic development there.

Li Lanqing, a member of the political bureau of CPC central committee, joined in panel discussions of delegates from central Henan province.

Also a vice premier, Li said that the key to the realization of the ninth five-year plan (1996-2000) and the long-term development goals for the year 2010 lies in improving the overall quality of the Chinese nation and fostering a great number of skilled people.

"Education should be promoted in accordance with the real conditions of the country," Li told the deputies, noting that realities of poverty-stricken areas must be taken into consideration in promoting compulsory education.

Efforts must be made to boost vocational education, he said.

Li urged governments at all levels to care more about the life and work of teachers and make particular efforts to provide enough housing for teachers.

Li Tieying, a member of the political bureau of the communist party central committee and a State Councillor, urged three northeast provinces to enhance economic cooperation and adopt an economic plan which can benefit the three provinces' economic transformation, readjustment and economic reinvigoration.

Joining in a group meeting attended by deputies from Jilin province, he emphasized reform efforts by small state-owned enterprises so that they develop by themselves in market competition.

In a panel discussion of Shanghai deputies, Wu Bangguo, a member of the political bureau of the CPC central committee and a vice premier of the State Council, said China can find a way to solve problems and difficulties in state-owned enterprises.

Wu said reasons are varied for the existing difficulties faced by state-owned enterprises, some of which are associated with deep contradictions in national economic development. A period of time is needed to solve the issue, he said.

Huang Ju, a member of the political bureau of the CPC central committee and party secretary of Shanghai CPC municipal committee, said efforts must be made to enhance the development of regional economy. Shanghai is committed to taking part in developing the Chang Jiang river valley.

Jiang Chunyun, a vice premier of the State Council in charge of agriculture, called for "earnest" implementation of decided policies on agriculture and hard work to ensure a good harvest this year.

"State policies have long been set treating agriculture as top priority for national economic development," he said. "It's time to implement these policies in real earnest."

"For now, we need to work hard to ensure a good harvest this year," he said.

Jiang emphasized two changes that are necessary to further boost agricultural production. One is to improve services for farmers, in particular the establishment of markets and sales channels for farm produce. The other is to enhance economic returns and productivity in the farming sector through progresses in science and technology.

Vice premier Qian Qichen attended a group meeting attended by deputies from Ningxia Hui autonomous region. He said China should manage its own affairs

well no matter what happens in the rest of the world. In this way, he said, China can surely realize its objectives.

Guangdong will highlight the development of agriculture and pay special attention to improving economic quality and efficiency so as to achieve more rapid economic development, said Xi Fei, another member of the political bureau of the CPC central committee and party secretary of the Guangdong provincial CPC committee.

Other senior party, military and state leaders Zou Jiahua, We Jinxing and Chi Haotian also attended today's group meetings.

PRC: Points From Li Peng's NPC Report Detailed
OW0703041096 Beijing XINHUA in English
0155 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA)
 — Annual price rise will be controlled below the economic growth rate during the new Ninth Five-Year Plan (1996-2000) period, according to a report on national economic and social development delivered by Premier Li Peng at the ongoing Fourth Session of the Eighth National People's Congress. Major policies and measures to help obtain the target include:

- To strike a balance between overall social demand and social supply;
- To strive to increase the effective supply of grain and other products that have been in short supply;
- To reduce costs in production and management so as to rein in price rises in production and distribution;
- To establish and perfect a price regulating mechanism and beef up the construction of systems for reserves of main commodities, risk funds and price regulation funds;
- To establish a legal system for price centered on a price law and supported by price regulations of different levels; and
- To further straighten out prices for major products and services in the basic industries.

During the Eight Five-Year Plan (1991-1995), China's GDP growth averaged 12 percent and price rise at 11.4 percent.

- The Draft Outline for the Ninth Five-Year Plan (1996-2000) and long-term development goals set forth the following targets and tasks for investment in fixed assets.
- The rate of investment in fixed assets is set at 30 percent;

— Total investment in fixed assets will reach 13 trillion yuan for the last five years of the century, with annual growth averaging at 10 percent. And investment of the state-owned sector will reach 8.8 trillion yuan, accounting for 68 percent of the total;

— National resources will be concentrated on the construction of major projects in agriculture, water conservancy, energy, transportation, telecommunications, and pillar industries;

— Renovation and adjustment of state-owned enterprises and traditional industrial bases will be accelerated and;

— Real estate investment will focus on housing for urban dwellers.

— China has set forth the appropriately tight fiscal policy in its Ninth Five-year Plan (1996-2000), according to a draft outline being examined by the ongoing session of the National People's Congress (NPC).

Implementing the policy, China will strive to make the increase of fiscal revenue higher than the increase of fiscal expenditure, reduce fiscal deficit to achieve the basic balance between fiscal revenue and expenditure, and to restrain the issue of treasury bonds each year below a rational limit.

According to a report by minister of finance Liu Zhongli at the NPC session, deficit of the central government is planned to be 61.442 billion yuan (about 7.4 billion US dollars), an decrease of five billion yuan from that of 1995.

In 1996, the state will issue 195.257 billion yuan of treasury bonds as the peak for repaying the principal and interest of previous bonds comes.

— China will implement a relatively stringent money in the next five years to maintain the stability of the Chinese currency, according to the Draft Outline for the Ninth Five-Year Plan (1996-2000) and long-term goals for 2010.

Major targets and tasks include:

- Narrow money supply (M1) will score an average annual increase of about 18 percent, while broad money supply (M2) will rise about 23 percent;
- Strictly control total money supply by implementing various monetary policies;
- Establish a unified money market with considerable transparency, which will standardize inter-bank tradings of various financial institutions and liberalize in the main interest rates of the tradings;

— Initiate the open-market operation of the central bank treasury bonds, reform the reserve against deposit system, and apply with flexibility controls on central bank lending to commercial banks and rediscount by the central bank;

— Establish a modern payment system;

— Increase the amount of credits into agriculture to ensure that 10 percent of the newly added credit scale be channeled into the sector.

Note: By the end of 1995, M1 reached 2.4 trillion yuan, and M2 6.08 billion yuan.

— The targets for balance of international payments for the year 2000 set in a report on national economic and social development delivered by Premier Li Peng at the ongoing Fourth Session of the Eighth National People's Congress include:

— To strike a basic balance in foreign trade under the current account;

— To strive to cut non-trade deficit; and

— To maintain an appropriate surplus under the capital account mainly with direct foreign investment.

Official figures show that China's foreign exchange reserve had reached 73 billion US dollars by the end of 1995.

PRC: Zhang Zhen Urges PLA Unity of Thinking at NPC Meeting

OW0703115996 Beijing XINHUA Domestic Service
in Chinese 1338 GMT 6 Mar 96

[By reporter Luo Yuwen (5012 3768 2429)]

[FBIS Translated Text] Beijing, 6 Mar (XINHUA) — In a group discussion of the People's Liberation Army [PLA] delegation today, Deputy Zhang Zhen, who is vice chairman of the Central Military Commission [CMC], said: I completely agree with Premier Li Peng's report in that it is of utmost importance at the present to achieve unity in thinking, and to mobilize and educate cadres and fighters at large in contributing more to building socialism with Chinese characteristics.

Zhang Zhen said: Unity in thinking has always been a magic weapon for us to overcome difficulties and win victories; it is one of our political advantages. He said: The next 15 years will be an important period for China's reform, opening up, and modernization drive. The country will accomplish the second strategic objective in an all-round way while laying a solid foundation for realizing the third strategic objective. This is an unprecedented great undertaking. The attention and creativity of the people across the country should be fo-

cused on realizing this magnificent objective. As far as the PLA is concerned, we should steadfastly take the road of building a crack army with Chinese characteristics. In accordance with the army-building program in the Ninth Five-Year Plan period, we should do well in turning the PLA into a modernized, revolutionary regular army; and enhance the PLA's defense combat capability under the modern technological, especially high-tech, condition, so as to provide a strong and effective security guarantee for the country to realize the splendid goal toward the next century.

He said: In achieving unity in thinking, we should lay a good theoretical foundation by further studying the party's basic theory, line, and principles and policies. Comrade Jiang Zemin's speech on correctly handling several major relationships in the socialist modernization drive — which provides the scientific answer to a series of major problems in China's current political, economic, and social life — is the important basis for achieving unity in thinking. Since the Fifth Plenary Session of the 14th CPC Central Committee, General Secretary Jiang Zemin has repeatedly emphasized at a number of important meetings, as well as has put forth a series of important theses, the necessity of paying keen attention to politics. Herein lies the key to achieving unity in thinking. The PLA, as the armed organization for carrying out political tasks, should set stricter and higher standards in this aspect.

He said: In achieving unity in thinking, we should take Marxism-Leninism-Mao Zedong Thought and the Deng Xiaoping theory of building socialism with Chinese characteristics as our guide; and constantly strengthen the transformation of our outlook on the world. In line with President Jiang Zemin's requirement, education in patriotism and sacrifice, in revolutionary outlook on the life, in respecting cadres and cherishing soldiers, and in arduous struggle has been conducted in all army units. To ensure the success of education in these four aspects, it is necessary to concentrate efforts on solving problems according to the actual condition of each and every individual. The core of the education is to teach officers and men at large to foster the correct outlook on the world and life, and to enhance their political steadfastness and ideological and moral purity. Through education in the four aspects, all army officers and men should raise their ideological awareness, correctly handle various contradictions and problems encountered, and be able to withstand tests under complex circumstances.

He said: Unity in thinking should be guaranteed by strict discipline. As the PLA shoulders the sacred mission of providing the security guarantee for reform, opening up, and the modernization drive, we should reinforce

our sense of discipline. We should carry out the party Central Committee's decisions to the letter, and resolutely safeguard the authority of the party Central Committee, with Comrade Jiang Zemin as the core. In carrying out a task, we should have a clear idea in mind, and should consider whether the task is being carried out according to the central authorities' guidelines and the CMC's provisions, and whether it accords with the reality in the PLA. So long as all PLA comrades achieve unity in thinking and action and march in unison, we can contribute more to building socialism with Chinese characteristics.

PRC: Liu Huaqing Stresses Building of PLA at NPC

OW0603130596 Beijing XINHUA in English
1245 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — China will neither invade any other countries nor join in arms race even when it lays claim to enhancing its national defence capability in the future, said a top Chinese military officer.

"China will take its own road of bettering troops in the next five to 15 years and its effort to increase the capabilities of national defence and improve the army's combat efficiency is purely for the sake of defense," said Liu Huaqing, vice-chairman of the Central Military Commission, during [as received] in a panel of deputies of the People's Liberation Army (PLA) who are here attending the on-going session of the Eighth National People's Congress (NPC).

All officers and men in the PLA, particularly high-ranking officers in [as received] should, under all conditions, have a correct political orientation and be in keeping with the CPC Central Committee with Jiang Zemin as its core, he said.

The PLA should correctly handle the relationship between its quantity and quality and define a proportionate ratio with regard to its ground, navy and air forces and the strategic missile forces and the development emphasis, noted Liu, who is also a Standing Committee member of the Political Bureau of the CPC Central Committee.

The Chinese people had experienced untold sufferings from aggression and bullying by external big powers in modern history. Therefore, China cherishes its independence and territorial integrity as well as its safety and consolidation of national defence.

The PLA should follow closely the current military development trends worldwide and build the Chinese army with science and technology, he said, adding that

efforts must be made to enhance the scientific and technological advances and pay attention to production and research of weaponry and the research of new, high military technology so that the weaponry and military equipment can comply with the requirements of modernization of the national defence.

Liu also stressed the importance of selecting and training military officers and attach importance to logistics work, so as to speed up the standardization level of the Chinese troops.

PRC: Liu Huaqing at NPC Says PLA To Focus on Quality

OW0603133296 Beijing XINHUA Hong Kong Service
in Chinese 0825 GMT 6 Mar 96

[By reporter Li Xiguang (2621 1585 0342)]

[FBIS Translated Text] Beijing, 6 Mar (XINHUA) — Liu Huaqing, CPC Central Committee Political Bureau Standing Committee member and Central Military Commission [CMC] vice chairman, said today: In the next five to 15 years, the People's Liberation Army [PLA] will continue to adhere to the principle of emphasizing qualitative improvement, and steadfastly take the road of building crack troops with Chinese characteristics.

In a group discussion of the PLA delegation to the Fourth Session of the Eighth National People's Congress this morning, Liu Huaqing said: All PLA officers and men, especially high- and middle-ranking leading cadres, should pay keen attention to politics at all times, maintain unity ideologically and politically with the party Central Committee with Jiang Zemin as the core, and resolutely obey the command of the party Central Committee and the CMC.

He said: In accordance with the changes in the development of the national security situation, the PLA should correctly handle the relationship between quantity and quality; set a rational proportion of the ground, naval, and air forces and the Second Artillery Corps; further improve the organizational structure of troops; and strive to achieve noticeable progress in streamlining troops, in optimizing structure, in straightening out relations between various branches of service; and in raising efficiency.

He said: The PLA should have a good grasp of the military development trend in the world, persist in the concept of building up the Army with science and technology, attach importance to the research and production of weapons and equipment, and step up the research of new and high technologies in the military field, so that the PLA's weapons and equipment can

gradually meet the requirements of a modern defensive war.

He said: In building up the PLA qualitatively, it is also necessary to energetically select and train talented personnel, to attach importance to logistic support, to raise the level of standardization, and to effectively promote the building of reserve forces.

He said: China's effort to strengthen its national defense capability and to improve the quality of its army is purely for the defensive purpose of raising the defense combat capability under the modern condition. The Chinese people, who experienced enough aggression and bullying by the big powers in the modern times, value national independence, the integrity of sovereignty, national security, and a strong national defense very much. The expansion of China's military strength will be on an appropriate scale, and the input will be small. Even if China's overall national strength is further developed in the future, China will never invade other countries and will not join in any arms race.

PRC: Liu Huaqing at NPC Views PLA Troops in Hong Kong

OW0603140096 Beijing XINHUA Hong Kong Service in Chinese 0821 GMT 6 Mar 96

[By reporter Li Xiguang (2621 1585 0342)]

[FBIS Translated Text] Beijing, 6 Mar (XINHUA) — Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the Central Military Commission [CMC], said today: The People's Liberation Army [PLA] is continuing to make preparations for stationing its troops in Hong Kong. Through practical actions, troops to be stationed in Hong Kong will prove that they are a security guarantee of Hong Kong's prosperity and stability.

During a group meeting of PLA deputies to the Fourth Session of the Eighth National People's Congress today, Liu Huaqing said: Stationing PLA troops in Hong Kong symbolizes the Chinese Government's resumption of the exercise of sovereignty over Hong Kong. It is a requirement for safeguarding the motherland's unity and security, and an indispensable factor for maintaining Hong Kong's long-term prosperity and stability. The party Central Committee, the State Council, and the CMC attach great importance to the conduct of the troops to be stationed in Hong Kong, and have set very strict demands for them.

Liu Huaqing said: After Hong Kong's reversion to the motherland, the people of Hong Kong will govern the territory with a high degree of autonomy, and the existing system will remain unchanged for at least 50 years.

The troops to be stationed in Hong Kong will earnestly follow the principle of one country, two systems put forward by Deng Xiaoping, and conscientiously complete the tasks entrusted by the central government on the basis of the Constitution and the Basic Law of the Hong Kong Special Administrative Region [HKSAR], with the aim of ensuring the effective performance of defense duties and maintaining Hong Kong's stability and prosperity.

It is understood that relevant state and military departments will, in accordance with the requirements of the Basic Law, draw up complete laws governing the troops to be stationed in Hong Kong so that the troops will be stationed and managed in accordance with the law. A law governing the troops to be stationed in the HKSAR, which is being drafted, will contain provisions regarding the troops' duties and scope of authority, troop management, jurisdictions over the troops, and the relationship between the troops and the HKSAR.

Liu Huaqing said: The HKSAR Government and the troops to be stationed in Hong Kong will operate in accordance with independent administrative and military systems. Neither is subordinate to the other, and they will not interfere in each other's affairs. In drafting the law governing the troops, relevant CMC departments studied and drafted a set of rules and regulations in light of the troops' characteristics. These cover military action and training, personnel education and management, logistic support, and law and discipline.

To ensure exemplary acts in observing HKSAR law, relevant departments have compiled teaching material on Hong Kong law for use by the troops to be stationed in Hong Kong, and drawn up a guide to action and a moral code to be observed by the troops.

Liu Huaqing expressed the belief that the troops to be stationed in Hong Kong will, through their practical actions, demonstrate that they are indeed a benevolent, powerful, and civilized force that can be trusted by people across the country, including Hong Kong compatriots, and that they are indeed staunch defenders of the interests of the country and people and a security guarantee of Hong Kong's prosperity and stability.

PRC: Liu Huaqing on Law for PLA Troops in Hong Kong

OW0603141596 Beijing XINHUA in English 1341 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — China is drafting a law concerning troops to be stationed in the future Hong Kong Special Administrative Region, said a top military officer.

The law is expected to define the responsibility and power of PLA troops in Hong Kong, their judicial administration, and the relations between the troops and the SAR government, said Liu Huaqing, vice-chairman of the Central Military Commission.

Liu, also a member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) Central Committee, made the remark in a panel discussion of deputies from the PLA group to the ongoing session of the National People's Congress (NPC).

After 1997, the SAR government and the stationed troops of the Chinese People Liberation Army (PLA) will operate independently in accordance with their respective administrative and military systems without interfering in and subjection from each other, he said.

Meanwhile, the Central Military Commission will draft a series of rules and regulations regarding the PLA troops to be stationed in Hong Kong, involving military exercises and maneuvers, education and management of army men, and logistics work.

China's military departments have edited and compiled books and other reading materials to help acquaint the army men with Hong Kong laws and way of life there.

The stationing of PLA troops in Hong Kong symbolizes the resumption of the exercise of power over Hong Kong by the Chinese government and is also an indispensable factor for maintaining the long-term prosperity and stability of Hong Kong. Therefore, the Party Central Committee, the State Council and the Central Military Commission have set high demands on this, he said.

The vice-chairman noted that the PLA troops to be stationed in Hong Kong will prove, with their concrete deeds, that it is a security guarantee for Hong Kong's stability and prosperity.

After Hong Kong's return to the motherland, the principles of "Hong Kong people governing Hong Kong" and "high-degree autonomy" will strictly be implemented, and its existing system will remain unchanged for 50 years to come, Liu said.

The PLA troops to be stationed in Hong Kong will abide by the principle of "one country, two systems" set forth by Deng Xiaoping, perform their duties of defense and help maintain a prosperous and stable Hong Kong on the basis of China's Constitution and the Basic Law of the Hong Kong Special Administrative Region, Liu Huaqing said.

PRC: CMC Vice Chairman Addresses PLA Deputies at NPC

OW0703002596 Beijing XINHUA in English
1518 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Top military official Zhang Zhen today urged officers and men of the People's Liberation Army (PLA) to contribute more to building socialism with Chinese characteristics.

Zhang, vice-chairman of the Central Military Commission, made the remark during a panel discussion of PLA deputies attending the ongoing National People's Congress (NPC) session.

According to the country's Ninth Five-year Plan (1996-2000), the Chinese arms will raise the country's capabilities of its national defense and its own combat effectiveness with modern and high technologies, for the sake of self-defence and the cause of reunification of the motherland and achieving the trans-century goals for economic and social development, Zhang said.

President Jiang Zemin has time and again stressed the importance of keeping a correct political orientation recently, Zhang noted. Therefore, he added, the armed forces, as an armed contingent for implementing political tasks, should set higher standards to carry out these tasks, Zhang said.

The armed forces should have better disciplines to shoulder the country's reform, opening and modernization drive, strictly following the decisions set by the Chinese Communist Party and protecting the authoritative power of the Party Central Committee headed by Jiang Zemin, Zhang said.

PRC: Liu Huaqing Addresses NPC PLA Group Meeting

OW0703081396 Beijing XINHUA Domestic Service
in Chinese 1248 GMT 6 Mar 96

[By RENMIN RIBAO reporter Pu Xu (0265 2485) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[FBIS Translated Text] Beijing, 6 Mar (XINHUA) — At a group meeting today of the Fourth Session of the Eighth National People's Congress [NPC] attended by deputies from the People's Liberation Army [PLA], NPC Deputy Liu Huaqing said: The military must further improve the quality of its troops and provide a strong security guarantee for China's reform, opening up, and modernization drive.

Deputy Liu Huaqing attended two group discussions of the PLA delegation today. After hearing the views of

several deputies, he noted: Premier Li Peng's report sums up the tremendous achievements China scored in national economic development and social progress during the period of the Eighth Five-year Plan, and outlines the goals, guiding principles, and main tasks of China's economic and social development in the next 15 years. The report, which fully reflects Deng Xiaoping's theory on building socialism with Chinese characteristics and the requirements of the party's basic line, represents a grand outline for advancing reform, opening up, and socialist modernization. I fully support it.

Liu Huaqing said: During the period of the Eighth Five-Year Plan, in accordance with Deng Xiaoping's concept of army-building in the new period and the general requirements of "political eligibility, military competence, fine style of work, strict discipline, and strong logistics support" set by Chairman Jiang Zemin of the Central Military Commission [CMC], the military conscientiously implemented the principle of emphasizing qualitative improvement and made headway in turning the PLA into a strong, modernized, revolutionary regular army.

Deputy Liu Huaqing stressed: As an important juncture for carrying forward the cause of China's socialist modernization and forging ahead into the future, the next five to 15 years will set very high requirements for national defense construction and army-building. We must conscientiously implement Comrade Deng Xiaoping's concept of army-building in the new period and CMC Chairman Jiang Zemin's instructions on army-building, adhere to the principle of emphasizing qualitative improvement, and steadfastly take the road of building crack troops with Chinese characteristics in order to provide a strong security guarantee for China's reform, opening up, and modernization drive.

Deputy Liu Huaqing said: In improving the quality of troops, we must consistently put ideological and political education ahead of other tasks. All PLA officers and men, especially high- and middle-ranking leading cadres, should pay keen attention to politics, maintain a high level of political awareness at all times, maintain unity ideologically and politically with the party Central Committee with Jiang Zemin as the core, resolutely obey the commands of the party Central Committee and the CMC, carry forward the fine tradition of the Red Army veterans, and consistently preserve their political steadfastness and ideological and ethical purity under the new situation.

He said: In building up the PLA qualitatively, it is essential to further readjust and optimize the structure, to put more emphasis on national defense research, and

weapons and equipment development, to energetically select and train talented personnel, to attach importance to logistic support, to raise the level of standardization, and to effectively promote the building of reserve forces. Liu Huaqing said: China's efforts to strengthen its national defense capability and to improve the quality of its army is purely for the defensive purpose of raising defense combat capability under modern conditions. The Chinese people, who experienced enough aggression and bullying by the big powers in modern times, value national independence, the integrity of sovereignty, national security, and a strong national defense very much. The expansion of China's military strength will be on an appropriate scale, and the input will be small. Even if China's overall national strength is further developed in the future, China will never invade other countries and will not join in any arms race.

Deputy Liu Huaqing said: The Chinese Government will resume sovereignty over Hong Kong on July 1, 1997. This will be a great day in the annals of China. In accordance with the mission entrusted to the military by the Constitution and the provisions of Hong Kong's "Basic Law," the Chinese Government will send garrison troops to Hong Kong at that time. The stationing of PLA troops in Hong Kong symbolizes the Chinese Government's resumption of sovereignty over Hong Kong; they are needed for safeguarding the unity and security of the motherland, and they are also an indispensable factor for preserving Hong Kong's long-term prosperity and stability. The party Central Committee, the State Council and the CMC take the matter seriously and have set high demands. Troops to be stationed in Hong Kong are selected from units of the three services that have a glorious history and have performed meritorious services. They have also undergone rigorous ideological education, military and discipline training, and received training in the basic conditions of Hong Kong society and legal system. The troops to be stationed in Hong Kong will earnestly follow the principle of one country, two systems put forward by Deng Xiaoping, and conscientiously complete the tasks entrusted by the central government on the basis of the Constitution and the Basic Law of the Hong Kong Special Administrative Region [HKSAR], with the aim of ensuring the effective performance of defense duties and maintaining Hong Kong's stability and prosperity. Relevant state and military departments will, in accordance with the requirements of the Basic Law, draw up complete laws governing the troops to be stationed in Hong Kong so that the troops will be stationed and managed in accordance with the law. A law governing the troops to be stationed in the HKSAR, which is being drafted, will contain provisions regarding the troops' duties and scope of authority, troop

management, jurisdiction over the troops, and the relationship between the troops and the HKSAR.

The HKSAR Government and the troops to be stationed in Hong Kong will operate in accordance with independent administrative and military systems. Neither is subordinate to the other, and they will not interfere in each other's affairs. In drafting the law governing the troops, relevant CMC departments studied and drafted a set of rules and regulations in light of the troops' characteristics. These cover military action and training, personnel education and management, logistic support, and law and discipline. To ensure exemplary acts in observing HKSAR law, relevant departments have compiled teaching material on Hong Kong law for use by the troops to be stationed in Hong Kong, and drawn up a "Guide to Action for Troops Stationed in Hong Kong," and a moral code to be observed by the troops.

Liu Huaqing expressed the belief that the troops to be stationed in Hong Kong will, through their practical actions, demonstrate that they are indeed a benevolent, powerful, and civilized force that can be trusted by people across the country, including Hong Kong compatriots, and that they are indeed staunch defenders of the interests of the country and people, and a security guarantee of Hong Kong's prosperity and stability.

Liu Huaqing said: Chairman Jiang Zemin stressed recently that it is a key task of the army's political construction to constantly enhance military-government, military-civilian unity, and unity within the military. Comrades in the military must have a profound understanding of the importance of enhancing military-government, and military-civilian unity under the new situation. The military must learn from the people with an open mind, respect the local government at all times, and cherish the people to further enhance military-government, and military-civilian unity. We must give more prominence to the promotion of the socialist spiritual civilization and, while implementing well ideological and political work in the barracks, intensify efforts by the army and the people in building model communities, carry forward the fine traditions, encourage national healthy tendencies, resist the corrosive influence of decadent ideas and cultures, and make positive contributions to the development of spiritual civilization throughout society. All army units, after completing training assignments in combat readiness, must vigorously support local economic construction and utilize their peculiar strengths to provide assistance and support for key state engineering projects, and in emergency and hazardous tasks. The military must proceed from reality in providing support for public utilities, and do more good turns for the public.

PRC: Fujian NPC Delegate on Protection for Taiwan Investors

OW0603140596 Beijing ZHONGGUO XINWEN SHE in English 0320 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (CNS) — Fujian Province has enacted laws to protect the legal interests of Taiwanese businessmen on the mainland, said the leader of the Fujian delegation to the NPC.

Mr. Yuan Qitong said that of the 158 laws adopted by the local people's congress over past 15 years 30 were related to Taiwan and the Taiwanese.

In July 1990, local laws were introduced relating to the registration of Taiwanese investment, employment of mainland labour by Taiwanese firms and a maritime law concerning Taiwanese vessels.

In 1994, protection of Taiwanese investment in Fujian, and in 1996 to date a labour co-operation plan on fisheries had also entered the statute books.

Mr. Yuan described the legislation as fundamental for the promotion of co-operation between Fujian and Taiwan. In spite of deteriorating relations since the second half of 1995, economic co-operation between Fujian and Taiwan, unofficial contacts and various kinds of exchanges had gone on as usual.

Taiwanese investment continued to flow over the straits. Last year, 601 new Taiwanese-funded projects were approved to the tune of US\$ 1.8 billion.

Mr. Yuan asked that the provincial People's Congress, with the help of the NPC, launched two massive reviews of the success of the laws to protect the legal rights of the Taiwanese investors. The mainland was sincere in its quest to protect the rights of the Taiwanese investors, he said.

A number of Taiwan related laws, including administration of Taiwanese donations and admission of Taiwanese students to mainland schools, are being drafted and are expected to be passed into local law later this year, according to Mr. Yuan.

PRC: Taiwan NPC Deputies Discuss Cross-Strait Ties

OW0703100596 Beijing XINHUA in English 0937 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — China's development program for the next 15 years heralds a bright future for national revitalization, and gives broad vistas for the growth of economic and trade ties across the Taiwan Strait.

This is the view shared by Taiwan deputies to the National People's Congress (NPC) and members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), both bodies are currently in session in Beijing.

With China's on-going reform and opening-up drive exerting influences on world economy, Taiwan is not exempted from the impact as part of world economy, said Cai Zimin, an NPC deputy and chairman of the Taiwan Democratic Self-Government League.

"With Taiwan's small market within the island and scarce natural resources," Cai explained, "its economic development must be geared to the international market."

Since late 1980s, Taiwan's main export and import markets shifted from the United States and Japan to Southeast Asia and the Chinese Mainland, "which was both the need for Taiwan's economic development and the factor behind the expansion of cross-strait economic and trade ties over the past decade."

The two sides of the strait complement each other in development levels, industrial structure, and capitals, said Cai.

The Chinese Mainland can help Taiwan with a relatively well-developed industrial structure and advanced technologies in space, aviation, machinery and electronics, and metallurgical industries, said Cai, while the development of the mainland needs Taiwan's funds, management experience, and marketing networks.

Commenting on the Taiwan authorities' mainland policies in recent years, CPPCC member Zheng Lizhi said, fighting against the attempt for Taiwan's independence is essential for the promotion of cross-trade economic and trade ties.

President Jiang Zemin pointed out that the Chinese government adheres to principle of "one China" and is against "two Chinas" or "one China, one Taiwan"; meanwhile, the government insists that political differences should not affect economic cooperation across the strait, which represents the policy of the Chinese government on cross-strait trade and economic cooperation, Zheng said.

PRC: XINHUA's Zhou Nan interviewed on Hong Kong at NPC

OW0603140296 Beijing ZHONGGUO XINWEN SHE
in English 0343 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (CNS) — Zhou Nan, Director of the Hong Kong branch of New

China News Agency (NCNA), expressed his views on Hong Kong at an exclusive interview.

Mr. Zhou, who is a deputy to the current Fourth session of the Eighth National People's Congress, said "the current situation in Hong Kong is proving more and more beneficial for a peaceful and steady transition in 1997 when the territory reverts to the mainland."

The director noted that during recent times strong feelings have been expressed by Hong Kong compatriots identifying themselves with the motherland.

No one should doubt that most Hong Kong people were fully in favour of the territory's reversion to the mainland, reunification of the motherland and Basic Law tailored for Hong Kong.

No matter what obstacles lay ahead, the reversion of Hong Kong was a foregone conclusion. The establishment and operation of the Preparatory Committee represented the final stage of preparations for the establishment of the Hong Kong Special Administrative Region [SAR].

Mr. Zhou said that there was much more important work to be done this year including the setting up of a Committee to select the SAR executive chief, the establishment of a provisional legislature and of the Court of Final Appeal. Should all of these matters be completed, a smooth reversion would be ensured.

Recalling his work in Hong Kong, Mr. Zhou was impressed with the favourable development of Hong Kong.

He was convinced that it was attributable to the reform and open-door policy implemented on the mainland. Economic development and political stability on the mainland had played a decisive role in the territory's prosperity.

Mr. Zhou came to the conclusion that the destinies of Hong Kong and the mainland were closely related — a belief that was showed by a majority of Hong Kong people. So long as the mainland continues to prosper, Hong Kong will surely benefit.

Mr. Zhou heaped praise on Deng Xiaoping, the general architect of China's reform, for his "one country two systems" idea and a complete policy based on this idea. The director was convinced that the idea would be realized and reunification of the motherland would one day be brought about.

PRC: Zhou Nan at NPC on Hong Kong Budget, PLA Exercises

*HK0703042096 Hong Kong TA KUNG PAO
in Chinese 7 Mar 96 p A2*

["Special dispatch" by staff reporter Liu Yue-ying (0491 4727 3841) from Beijing on 6 March: "Zhou Nan on PLA Exercise, Hong Kong Financial Budget"]

[PTS Translated Text for FBIS] Zhou Nan, director of the XINHUA News Agency Hong Kong Branch said here today that the Hong Kong financial budget plan must keep expenditures below income and avoid a budget deficit. When talking about the military exercises, Zhou Nan indicated that military exercises fully demonstrate that China is able to safeguard state sovereignty and territorial integrity.

Zhou Nan made the above statements while answering questions from reporters, at a panel discussion meeting of deputies from Hong Kong and Macao to the Fourth Session of the Eighth National People's Congress today.

Zhou Nan said that he has not yet seen the 1996 financial budget plan; the Chinese side's principle for this matter is to take essential expenditures in social welfare into consideration, while considering the government's bearing capacity in the long run. The general requirement is to do business in accordance with the relevant clauses in the Basic Law, keep expenditures below income, avoid a budget deficit, and continue to implement a low-tax system in the future. Only then will it be conducive to maintaining Hong Kong's long-range prosperity and stability.

When asked his view on the pending military exercises of the People's Liberation Army (PLA), Zhou Nan said that Taiwan is an inseparable part of China, "our attitude is very explicit, and it is also mentioned in the Premier's report. No attempts to separate the Province of Taiwan from China will be allowed, nor will they prevail. The will of the Chinese Government and people to safeguard their state sovereignty and territorial integrity is unshakable." He indicated that military exercises will fully demonstrate that China is able to safeguard its state sovereignty and territorial integrity.

A reporter asked: The British Prime Minister John Major said in Hong Kong that Britain will bear its responsibility for Hong Kong up till the year 2047; should anything happen in the future, Britain will seek international forces for a solution, what is your comment on that? Zhou Nan indicated that the Hong Kong issue before 1997 is a matter between China and Britain, but after 1997, the Hong Kong issue is purely China's internal affair. As to whether or not John Major's speech is in conformity with such spirit, Zhou Nan said, "That

is precisely China's position, which is very clear; I don't see why he (referring to John Major) should have put it that way. China's position is very explicit, and very firm at that."

With respect to the issue of requiring specific cooperation from the Hong Kong Government in the wake of the second plenary session of the preparatory committee, Zhou Nan said that it is just very natural to do so. The first meeting of the preparatory committee dealt with the committee's founding; at the same time, such issues as organization, procedures, and rules of procedures were resolved.

He added, prior to the second plenary session of the preparatory committee, meetings of various groups will be held. How they plan their work, what is priority and what follows on the agenda, and what materials are called for will naturally be reflected. "On such basis, we will have the conditions to set forth specific requirements (on the British Hong Kong Government) for cooperation, or comparatively specific requirements for cooperation."

In answering a reporter's question, through what channel the preparatory committee communicates with the British Hong Kong Government today, Zhou Nan said, "We have many channels; our preparatory committee has a secretariat as well as its office in Hong Kong."

PRC: Zhou Nan at NPC 'Puzzled' by Major's Stance on SAR

*HK0703045396 Hong Kong HONGKONG
STANDARD in English 7 Mar 96 p 2*

[Unattributed report]

[PTS Transcribed Text for FBIS] A Senior Chinese official has taken exception to a remark made during a speech in Hong Kong on Monday by British Prime Minister John Major.

Mr Major said Britain could mobilise international opinion and seek unspecified legal redress if China breached the Joint Declaration.

XINHUA News Agency Director Zhou Nan yesterday challenged Mr Major's contention that Hong Kong was an international issue.

Mr Zhou said he was puzzled by Mr Major's stance because it was quite clear that from next year Hong Kong would be strictly a Chinese matter.

Mr Zhou, in Beijing attending the National People's Congress, said the Special Administrative Region [SAR] had nothing to do with Britain. He said the Hong

Kong matter was now bilateral and was outside the international domain.

"This has been made very clear, hasn't it?" Mr Zhou said.

The XINHUA chief would not directly say whether Mr Major had sought to "internationalise" the Hong Kong issue.

"China's position on this is clear, definite and resolute," he said.

Mr Zhou also said the Preparatory Committee, of which he is a vice-chairman, would get down to more substantive work in the second plenary session later this month.

The inaugural plenary session in January was criticised for not accomplishing much.

PRC: Development Plan To 'Benefit' Hong Kong, Macao

OW0703003596 Beijing XINHUA in English
1555 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — China's development program for the next 15 years will benefit long-term social stability and prosperity in Hong Kong and Macao, although it does not cover the two regions, said a high-ranking official on Hong Kong and Macao affairs.

Chen Ziyang, deputy director of Hong Kong and Macao Affairs Office of the State Council, made the remark while joining in a panel discussion attended by Hong Kong members of the country's top advisory body now in session.

"After China takes back Hong Kong and Macao in 1997 and 1999 respectively," Chen said, "special administrative regions will be established there, ensuring that they retain the existing capitalist system for 50 years in accordance with the 'one country, two systems' policy."

Although the central government's plan does not cover the two regions, he noted, the two basic laws for Hong Kong and Macao have already defined economic and social development programs for the regions.

He pointed out, great potentials exist for further economic exchanges between the two regions and inland China to promote mutual development.

Inland areas can serve as the unfailing backyard support for Hong Kong's and Macao's development with rich natural resources and a potential vast market, "which will prove to be a unique advantage for Hong Kong's future development," he explained.

Chen told the Hong Kong members that the increase of China's foreign trade volume will sharpen Hong Kong's competitive edge in world trade. Hong Kong is among China's leading trade partners.

China's foreign trade volume jumped from 20 billion US dollars in 1979 to 280 billion last year, and inland China's trade with Hong Kong alone is projected to hit 400 billion US dollars in the next five year.

He added China's investment environment will be further improved in the coming five years, and overseas funds will be introduced into some major sectors. A world financial center, Hong Kong will continue to help inland China to use overseas funds, which will help consolidate its status.

PRC: Finance Minister Reports on Foreign Taxes at NPC

OW0603142396 Beijing XINHUA Domestic Service
in Chinese 0229 GMT 6 Mar 96

[FBIS Translated Text] Beijing, 6 Mar (XINHUA) — While delivering a report at the Fourth Session of the Eighth National People's Congress on the execution of central and local governments budgets for 1995 and on their draft budgets for 1996, Finance Minister Liu Zhongli said that the State Council has decided to make three reforms this year in the system of collecting foreign-related taxes.

The contents of the three reforms in Liu Zhongli's report are: First, starting 1 April this year, the arithmetic average taxation rate of China's import duty will be reduced from the current 35.9 percent to 23 percent; and, at the same time, preferential import taxes will be abrogated in principle. Second, starting 1 January this year, the export rebate rates will be reduced from the current 14, 10, and 3 percent, to respectively 9, 6, and 3 percent; and the average tax reimbursement rate will be reduced to 8.29 percent. At the same time, accumulated tax reimbursements in arrears will be paid off within two years. Third, for the processing trade industry, a system will be adopted to compute taxes for imported materials and items and to supervise and manage machine accounts of guaranty money.

Liu Zhongli said: These three reforms not only are a reform and improvement of China's taxation system, but also an important step for bringing the country's foreign economic system further toward unified standards. This will have a positive effect on further broadening the scope of opening up to the outside world, on raising the level of opening up, on creating a fairer competition environment for enterprises of all categories, and on accelerating the change of the country's economic growth mode.

PRC: Chen Jinhua at NPC on Maintaining Price Controls*OW0603130796 Beijing XINHUA Domestic Service in Chinese 0205 GMT 6 Mar 96*

[FBIS Translated Text] Beijing, 6 Mar (XINHUA) — In a report to the Fourth Session of the Eighth National People's Congress, Chen Jinhua, minister in charge of the State Planning Commission, said: We face both favorable conditions and considerable difficulties in achieving this year's price control target. We should by no means lower our guard.

Chen Jinhua said: In 1996, we should continue to take inflation control as the primary task in macroeconomic regulation and control, and further lower the margin of increases in the general price level to some 10 percent to make a good start in bringing the margin of price increases below the economic growth rate during the "Ninth Five-Year Plan" period; promote healthy economic development; ensure a stable livelihood for people, especially low-income earners; and help enterprises solve difficulties.

He pointed out: Of the rate of price increases in 1996, two to three percentage points are expected to be carried over from price increases in 1995, compared to 9.7 percentage points in 1995 that were carried over from 1994. In 1995, good harvests were reaped in the agricultural sector, and the balance between total supply and demand continued to improve. These created conditions favorable to further lowering the margin of price rises. However, the foundation for keeping the balance between total supply and demand remains fragile; the size of fixed-asset investment is still too large; there is still no effective means for controlling excessive growth in consumption funds; and the pressure for increasing prices is quite strong. We should not lower our guard in controlling price rises.

Chen Jinhua said: To achieve the price control target, we must continue to implement moderately tight fiscal and monetary policies; strictly control new projects and excessive growth in consumption funds; and maintain a balance between total supply and demand. We should ensure the supply of important commodities. We should increase our reserves of important commodities and regulate them in a timely manner. We should further restore order in commodity distribution; strictly control the introduction of new price-adjustment measures; tighten supervision and control over market prices; establish and improve laws and regulations governing prices; regulate pricing activities; resolutely stop the practices of increasing prices by cornering the market, raising prices indiscriminately, and collecting unwarranted fees; and combat market rigging.

PRC: Qian Qichen Dismisses 'Threat' From Development*HK0703083096 Beijing CHINA DAILY in English 7 Mar 96 p 2*

[By Ma Chen: "China's Development Poses No World Threat"]

[PTS Transcribed Text for FBIS] Vice-Premier and Foreign Minister Qian Qichen said yesterday in Beijing that the development of China's economy and national strength will add peaceful elements instead of posing a threat to the world.

"It is utterly groundless that some countries consider China's growth a 'threat' to the world," Qian said.

"If China's economy stands still and the living standard of the Chinese people remains low," Qian said, "unstable factors will amount."

Qian made these comments to China Daily after listening to a panel discussion of deputies from Ningxia Hui Autonomous Region attending the Fourth Session of the Eighth National People's Congress (NPC).

The deputies voiced their support for policies and measures laid out in Premier Li Peng's report to boost the economic development of the midwestern region and to narrow the gap between coastal and inland areas.

"The key to maintaining social stability in minority areas lies in the overall progress of the economy, transport, culture and education in these regions. This calls for preferential policies of the central government and the help of fellow provinces in the east, particularly the self-reliance of ourselves," said Ma Sizhong, chairman of the Standing Committee of the Ningxia Regional People's Congress.

Qian said that Ningxia boasts abundant coal and electricity and has a promising future.

Meanwhile NPC Standing Committee Vice-Chairman Tian Jiyun joined deputies from South China's Guizhou Province in a panel discussion yesterday on Premier Li's report.

He called on the province to develop its rich resources like coal.

As about 8 million people live in poverty in Guizhou — accounting for one-tenth of China's poverty-stricken population — Tian proposed that the province give these people relief and increasing governmental investment.

PRC: Li Peng Urges Beijing To Lead Nation in Price Control

OW0703003696 Beijing XINHUA in English
1435 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Chinese premier Li Peng urged Beijing to lead the rest of China in price control, the invigoration of state-owned enterprises and the implementation of the "vegetable basket" program.

The "vegetable basket" program refers to the production of meat, eggs, milk and vegetables for city residents.

Li made the remark at a panel discussion attended by Beijing deputies to the National People's Congress now in session.

Li said, "Inflation should be contained at about 10 percent this year for the whole nation but, for coastal areas, a higher demand should be in order: inflation there should be controlled below 10 percent."

Beijing is generally regarded as being within the coastal areas.

The premier said the central government requires that Beijing function as the country's political, cultural, educational and scientific center.

"Work of the municipal government should concentrate on boosting these functions of the city so as to better serve the central government, international exchanges and residents of the city," he said.

The premier urged the city to develop new and high technology as well as value-added industries.

Beijing should make full use of its advantages in light and textile industries to develop name brand products. It should also speed up the technical upgrading of its existing enterprises and establish enterprise groups to achieve economies of scale, he said.

"Construction of high-rises must be brought under control and more attention should be given to building affordable residential housing for the people," he said.

Li told the Beijing deputies, "The most important tasks for China today is still to curb inflation."

PRC: Jiang Zemin on Qinghai, Hubei Development at NPC

OW0703002396 Beijing XINHUA in English
1538 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Chinese President Jiang Zemin today called for people in Qinghai and Hubei provinces to do a good

job of developing their respective economies in ways that suit their local conditions.

"Qinghai and other western regions are where our forefathers did not have the time to develop. It is the responsibility of our generation to do what past generations have not accomplished," he told Qinghai deputies to the National People's Congress now in session here. The deputies were discussing a report by Premier Li Peng on China's development plans for the next 15 years.

"We all should have this sense of mission," he said.

Jiang, who is also general secretary of the Chinese Communist Party, expressed confidence in the future of western China.

"The state has formulated policies that aim to boost development in western China. The key to success in this regard is to implement these policies by taking specific measures and doing work with one heart and mind," he said.

Jiang said that, as national economic development shifts from China's east to its western regions, an increasing number of people will take part in economic development there.

"Economic development in western China has a bright future," he said.

Joining Hubei deputies in their discussion, Jiang expressed "three hopes" for the province: first, Hubei should play a better role as a major production base for farm produce; second, with a concentration of state-owned enterprises, the province should take measures to boost their productivity; and third, with its central geographical location, Hubei should play a good role of promoting economic development in the Chang Jiang River valley and interior China by serving as a bridge for broad inter-provincial economic cooperation.

PRC: Qiao Shi on Need for Agricultural Self-Reliance

OW0703002496 Beijing XINHUA in English
1449 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — China should develop its agriculture through its self-reliant efforts and with its vast population, self-reliance is essential to producing enough grain to feed its people, said Qiao Shi, China's top legislator here today.

Joining in a panel discussion on Premier Li Peng's report on China's development goals for the next 15 years, Qiao said China must take agriculture as the basis for the fulfillment of the goals.

The discussion was held by the NPC delegation from east China's Zhejiang Province, to which Qiao belongs as an NPC member.

"We are determined to handle properly the issue of grain production and the development of the whole sector, and we confide in achieving it," he said.

The NPC chairman also spoke on the importance of protecting farmland.

With the country's double-digit annual economic growth rate over recent years, more and more farmland has given way to booming industrial and building projects. For this reason, central and local authorities have resorted to measures to preserve China's precious cropland, which accounts for only a small percentage of its territory.

Earlier today, vice-premier Jiang Chunyun who is in charge of agriculture called for "conscientious" implementation of the set policies that cites agriculture as the top priority and hard work for a good harvest this year.

PRC: Agriculture Minister on Grain Capacity

OW0703035496 Beijing XINHUA in English
0339 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March (XINHUA) — Chinese Agricultural Minister Liu Jiang today dismissed overseas pessimistic predications that China will not be able to feed its people in the next century.

"The Chinese people have the ability to feed themselves", Liu told a press conference organized by the press center of the ongoing sessions of the National People's Congress and the Chinese People's Political Consultative Conference.

China will need more than 600 million tons of grain by the year 2030, when its population peaks at 1.6 billion, he said.

"That means, in the next 35 years, we need to increase our grain output by nearly four billion kg annually, or less than one percent on a yearly basis," he said.

The minister said, in the past 46 years since the founding of New China, average annual increase of grain production has been nearly eight billion kg, or three percent on a yearly basis.

"As long as we make serious efforts, I think we can achieve growth goals in our grain production," he said.

The minister conceded, "We should not be blindly optimistic."

Premier Li Peng said last Tuesday [5 March] that agriculture still remains a weak link in the Chinese economy, he said.

"We are materialists," he said. "While seeing the potential and bright future of boosting grain production, we have to recognize that difficulties exist for the achievement of our goals."

The minister briefly talked about measures that will be taken to ensure continued growth in grain production.

"First, strictly protect farmland; second, do a good job of improving medium- and low-yielding fields; third, increase the rate of contributions to production increases by science and technology; fourth, speed up the development of industries that serve farming; fifth, adjust the farming structure and provide guidance for consumption; and sixth, protect and further fire the labor enthusiasm of farmers by deepening rural reform."

CPPCC

PRC: CPPCC Vice Chairman on Cause of Cross-Strait Tension

OW0703002696 Beijing XINHUA in English
1500 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — A Chinese leader put the blame on some Taiwan leaders for tensions between the two sides of the Taiwan Straits.

"Some Taiwan leaders have been intent on creating 'two Chinas,' 'one China, one Taiwan' and 'the independence of Taiwan' in the international arena. This is the major cause for tensions in relations between both sides of the Taiwan Straits since last May," said Wang Zhaoguo, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) and director of the Taiwan Affairs Office of the State Council.

Wang expressed the view at a group meeting of CPPCC National Committee members, who are here attending its annual session.

"At present, our main task is to fight against the separatist forces, protect the sovereignty and territorial integrity of the Chinese nation," he said.

Wang said Chinese Premier Li Peng reiterated the central government's stand on the Taiwan issue in his report yesterday to the National People's Congress, that is, the central government is in favor of a peaceful reunification of the motherland but will not undertake to renounce the use of force.

"This is not directed against the Taiwan compatriots, but against forces that want to bring about 'the independence of Taiwan' and foreign forces that want to interfere with China's reunification," he said.

"We pin our hope on people in Taiwan and sincerely appeal to all Chinese including our compatriots in Taiwan to unite and strive for an early reunification of the motherland," he said.

He stressed that more should be done to protect the interests of Taiwan businesses in the mainland and promote economic and cultural exchanges across the Straits."

PRC: Non-CPC Leaders Discuss Role at CPPCC

OW0603133496 Beijing XINHUA in English
1256 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — The central government solicits views from the economic community and non-Communist parties before it makes or implements major policies and reform plans.

The remark was made by Li Yining, an economics professor who has just been made a vice-chairman of China Democratic League, at a press conference organized by the ongoing session of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) this morning.

Three other newly-elected leaders of non-Communist parties also briefed Chinese and foreign journalists on the role played by China's non-Communist parties.

Li said he personally participated in the formulation of the draft Ninth Five-Year Plan (1996-2000) for National Economic and Social Development and Long-Term Goals for the Year 2010.

The league's Economic Committee, of which Li is a deputy director, has submitted to central government departments a number of reports and proposals on reform of state-owned enterprises, balancing local government budgets and curbing inflation, Li said.

Wang Xuan, a vice-chairman of the Central Committee of the Jiu San Society, which is composed mainly of intellectuals, said his experience in converting research results into high-tech industries has enabled him to better participate in deliberations on and administration of state affairs.

"The Jiu San Society can play an active role in revitalizing China through science and technology," said Wang, who is also an academic of the Chinese Academy of Sciences and a professor of the prestigious Beijing University.

Cheng Siwei, a vice-chairman of China Democratic National Construction Association and a vice-minister of chemical industry, said, as a government official as well as a leader of a party, he has always dealt

with criticisms and proposals raised by members of the CPPCC National Committee in an earnest manner.

"I try hard to resolve problems or explain things if resolution of problems is impossible," he said.

When he himself raises criticisms and proposals, he said, he always does as much research as possible beforehand to make them reasonable and practical, he said.

Zhang Huanxi, a vice-chairman of the Central Committee of China Association for Promoting Democracy, has been recently elected vice-governor of Jiangsu Province.

Born into a family of teachers, he said, he has had no influential connections. He explained why he can have become a vice provincial governor.

"The system of multi-party cooperation and political consultation under the leadership of the Communist Party has provided a precondition for my growth.

"The policy of promoting young people with professional knowledge in this era of reforms has given me opportunities.

"And personally, I have worked hard and have contributed to the country."

PRC: Tibetan CPPCC Member Terms Dalai Lama 'Stooge' of West

OW0603134696 Beijing XINHUA in English
0842 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — "I have become disappointed with the Dalai Lama," said, Lhalu Cewangdoje, a noted Tibetan figure who has been the former's close associate, who is here attending the on-going session of the Chinese People's Political Consultative Conference (CPPCC) National Committee.

Lhalu was born into an aristocratic Tibetan family, which had brought forth two Dalai Lamas. And one of his four sons is a reincarnated living Buddha.

The mere mention of the 14th Dalai Lama in exile abroad disappointed people, Lhalu said with contempt, during an interview with reporters at a hotel in Beijing's suburbs. "He is no match for any Dalai Lamas in history. He does not behave like a reincarnated living Buddha but is a stooge of the Westerners."

"I hope the central government can abrogate him if he goes on turning his back on the motherland," he said.

Son of a high-ranking Tibetan official appointed by the Qing emperor, Lhalu, who was adopted by the 12nd Dalai Lama clan, is a legendary person serving

as a minister in the old Tibetan local government, then chief in charge of military and administrative affairs for East Tibet. He was commander of rebelling troops in a rebellion staged and led by the Dalai Lama in 1959.

Some 30 years later, however, the 83-year-old Lhalu became a member of the CPPCC National Committee, China's top advisory body, and vice-chairman of the Tibetan Regional People's Consultative Conference.

In a hotel room in Beijing's southwest suburb, Lhalu, tall and thin, was seen wearing a cashmere shirt with neckties. Speaking the Tibetan language, he talks in a manner like a scholar.

In his childhood, Lhalu attended a private school at the foot of the Potala Palace in Lhasa and then a school for children of secular officials at Jokhang Monastery, one of the most important Buddhist temples in Tibet.

"In old Tibet, only sons of the aristocrats like me could go to school," he said. "After the democratic reform in 1959, children of commoners can go to school. Many people from the families of the emancipated serfs have become skilled workers and even experts upon graduation in different sectors in today's Tibet."

Lhalu was fortunate for not having followed the Dalai Lama to go in exile. "I have witnessed great changes in people's life after the peaceful liberation in 1951. In the past, the Tibetans were deprived of any freedom and they lived in poverty. Since 1959, one million serfs stood up and become masters of their own destiny," he said.

Tibet has scored rapid economic growth with a prosperous market and ample supply over the past decade, Lhalu said. He expressed his particular satisfaction with the efforts by the central government and other provinces and municipalities to help construct 62 major projects in his home region after 1994. These projects, he noted, are closely related to the locals' livelihood and will bring remarkable economic benefits for Tibet.

The central government has time and again extend its welcome to the Dalai to return and contribute to Tibet's development, he said. "But over the past decades, however, the Dalai has been bent on the activities to undermine the construction and development of Tibet and disrupt the people's happy life."

In the history of modern Tibet, the British colonists lured some people in Tibet to engage in activities to split the motherland, Lhalu said.

"But there was no any other person in Tibetan history like the Dalai Lama who overtly accepts rewards from his Western supporters, runs wide making speeches in

opposition to Tibetan Buddhism and the motherland, spreading rumors, and even sending terrorists to Tibet for sabotages at the instigation of his Western masters," he said.

"I'm completely disappointed with the Dalai Lama," Lhalu said. "He seems like a political swindler, not the incarnation of Buddha at all."

Lhalu has never worshiped the image of the Dalai Lama, but he is carefully keeping only one photo showing Chairman Mao Zedong receiving Dalai Lamahim and Panchen Lamas, which was taken in 1954.

Being a witness to the history of new Tibet over the past four decades as well as old Tibet before the region's liberation from serfdom, the octogenarian has spent much of his time in compilation of Collected Materials of Literature and History in Tibet.

A total of 17 volumes of the collection have come off press with two published each year.

Since the British failed in their scheme to carve up Tibet, he noted, "I'm sure it's futile for a handful of people in the West to back up the Dalai in his splittist activities."

"Some other people know nothing about Tibetan Buddhism but are making uproars about religious affairs in Tibet. That only indicates that they have ulterior motives," he said.

Speaking about the 11th Panchen Lama who ascended the holy throne recently, Lhalu recalled that he had attended the grand enthronement ceremonies in Xigaze, at which he witnessed the grace of the little loving Living Buddha.

"I was in the first group of people receiving the head-touching blessing from the 11th Panchen Lama, and felt overjoyed and contended," he said.

According to Lhalu, Both the Eighth Dalai Lama and the 12th Dalai Lama in Lhalu's clan had been approved by the central governments then and the 12th Dalai Lama was confirmed through a lot-drawing ceremony from a gold urn.

Three little boys were found to be candidates of soul boys for the passed 11th Dalai Lama. Hosted by the minister of the central government stationed in Tibet, a lot-drawing ceremony was held in the Potala Palace on January 13, 1858.

The 12th Dalai Lama turned to be the one from the Lhalu clan. On July 3, 1860, the 12th Dalai Lama ascended the holy throne.

"What shocked me most is that the present Dalai Lama, in disregard of historical conventions and religious

rituals, has overtly gone in for schemes to bring harms to Tibet and undermine Tibetan Buddhism by taking the advantage of selecting the 10th Panchen Lama's reincarnation," Lhalu said.

"This is totally unacceptable," he said.

Referring to his own four-generation family, Lhalu said he has four sons and one daughter, all of whom have their own families. "I have a total of 17 grandchildren and great-grandchildren," he said with smiles.

At the ongoing annual session of the Eighth CPPCC National Committee, Lhalu said, he will slate a proposal on how to develop local market, farming and livestock-raising, in the long-term interests of the local Tibetans and Tibetan Buddhism.

PRC: Proposal on S&T Applications Offered Posthumously

OW0603141996 Beijing XINHUA in English
1323 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Gao Zhenning, a member of China's top advisory body, started to draft a proposal for the annual session of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) late last year.

However, the 67-year-old aeronautics expert could not wait to submit his proposal in person to the session now in progress here in Beijing: he died of cancer on February 23, nine days before the session began.

His proposal has been published by the conference organizer and is being passed among members.

His proposal is entitled "On the Importance of Emancipating Scientific and Technological Productivity for Invigorating State-owned Enterprises."

Gao was a vice-minister of aviation industry. He designed China's first generation of bombers and "Qiang-5" aircraft.

Gao started to draft the proposal at the end of last September when he knew he had cancer. Knowing he had few days to go, he kept work on his proposal after being hospitalized in Shanghai last November. One day before he passed away, he made oral revisions to his proposal on bed.

The written proposal now in the hands of CPPCC members is the fifth edition.

In the last days of his life, Gao did not forget his duty as a member of the country's top advisory body. Last October, he led a delegation on an investigation tour to Dalian, a port city in northeast China. Even

while his cancer was spreading, he joined other well-known scientists writing to the central government that development of the aviation industry be included in the Ninth Five-Year Plan (1996-2000).

In his 3,000-word proposal, Gao warns against the tendency of neglecting technological advances in some state enterprises.

"Progress in science and technology should be given priority in the process of building a modern enterprise system," he says in his proposal.

The proposal contains his last words, a valuable legacy not just for the aviation industry but also for its symbolism — the devotion of a CPPCC member and a scientist to his country.

PRC: CPPCC Members Call for Regulations To Purify Language

OW0603152196 Beijing XINHUA in English
1417 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Regulations and a law on the management of the Chinese language and characters should be drafted as soon as possible to cope with the confusion and "pollution" in its use, members of China's top advisory body urged here today.

Jin Kaicheng, a Chinese language and literature professor at the prestigious Beijing University and vice-chairman of the Central Committee of the non-Communist Jiu San Society, was joined by four senior officials of four other non-Communist parties to submit a written motion concerning purifying and standardizing the Chinese to the ongoing Fourth Session of the Chinese People's Political Consultative Conference (CPPCC) National Committee.

The five CPPCC National Committee members noted that the modern Chinese language has drawn some elements from foreign languages, dialects and classical Chinese at an unprecedented pace since the country launched the drive of opening-up and reform some 17 years ago.

The motion noted that "some unhealthy tendencies have emerged to the detrimental of the purity of our mother tongue."

The unhealthy tendencies constitute four features: alienness; vulgarness; tending to be feudalistic; and unsmoothness, according to the members.

Some enterprises and their products, though having nothing to do with anything foreign, have adopted foreign brand names, the motion said. And there is even a tendency to giving Chinese children foreign names.

Coarse and rude language can be heard and mouthfuls of four-letter words are often uttered, with vulgar language scattered in literary works, the members said in the motion.

In the service sector and the naming of daily consumer products, the motion said, words meaning emperors, imperial concubines and despotic gentries are common.

Unsmoothness in lines of pop songs often make people feel at a loss, the motion said.

"The correct use of the mother tongue is an important reflection of patriotism, and the Chinese language and its characters have long been a bond for national unity," Jin said.

"Confusion and pollution in the language is harmful to national dignity and image, and will erode the cohesiveness of the nation," Jin noted.

To purify the language is of great significance to improving the national quality and social atmosphere, the professor said.

The five members urged government officials at all levels to list on their work agenda the task of purifying the Chinese language. They particularly held the press and the media and cultural departments responsible for the endeavors to help purify the Chinese language.

PRC: Academics Discuss Reform at CPPCC Panel
OW0703010096 Beijing XINHUA in English
1551 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — It is the first time in 47 years since 1949 for members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) to join in discussions of the long-range objectives and they will offer more constructive suggestions for achieving these goals.

The remarks were made today by Ye Xuanping, vice-chairman of the CPPCC National Committee, during a panel discussion.

Wu Jinglian, a noted economist from the Research Center for Development under the State Council, said China's future economic development lies in how to achieve the shifts from the traditional planned economy to socialist market economy and the shift in economic growth from being extensive to intensive. But there are still problems yet to be solved in detailed arrangement.

As the reform has become increasingly difficult when it goes more penetrating, he said, the way out is how the country deepens the reform. Only by doing so, can China realize the two shifts, he

"We shouldn't place too much emphasis on the pace of development, but on reforming production factors instead," he said.

Members from educational sectors said science and education play an important role in realizing China's long-range objectives. By combining the two, the country can train a large contingent of talented personnel.

Gao Ge, professor of Beijing University of Aeronautics and Astronautics, said his university is in an acute shortage of talents as many college faculty members have transferred to other jobs.

Prof. Chen Nanxian of Beijing Science and Technology University suggested that China establish a system of responsibility in the construction of major engineering projects.

Prof. Chen's view is shared by He Zhuoxiu, academician of the Chinese Academy of Sciences, who proposed joint efforts by different departments to complete a major scientific project.

Wen Jiabao, an alternate member of the Political Bureau of the Chinese Communist Party Central Committee joined the science and technology group in its discussion. He said the rapid growth of science and technology requires a good plan, mechanism, contingent of personnel and a competent leading body.

He told the CPPCC members that the State Science and Technology Commission is working on a long-range objective in scientific and technological development. The CPPCC National Committee members can consider such development in a longer term, such as 20 to 30 years, he said.

PRC: CPPCC Member Urges Early Start on Water-Diversion Project

OW0603133896 Beijing XINHUA in English
1222 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Preparatory work for a huge project to divert water from the country's south to north should be stepped up, a member of China's top advisory body said here today.

The project was proposed by Premier Li Peng as part of a plan for national economic development in the next 15 years.

The project is to divert water from three places along the upper, middle and lower reaches of the Chang Jiang River to northern and northwestern China.

The project is expected to divert 40 billion cubic meters of water each year, about half of the total flow of the Yangtze River, according to a plan for the project.

Chen Xuejun, a member of the National Committee of the Chinese People's Political Consultative Conference, urges an early start of the western route of the project, which will divert water from the Tongtianhe, Yalongjiang and Daduhe Rivers, tributaries of the Yangtze River, to the upper reaches of the Yellow River, China's second largest. Investigations on this route was first started in 1952.

"Field inspections and researches have shown that the western route is technically feasible," said Chen, who is also a vice-chairman the Central Committee of the Jiu San Society, a non-Communist Party.

Chen, also a professor of Xian Jiaotong University, said that water diversion along this route will bring great economic benefits to Gansu and Shaanxi provinces and the Ningxia Hui Autonomous Region in the northwest, and to northern Shanxi Province and Inner Mongolia Autonomous Region — areas that have long been plagued by water shortages.

The route is expected to divert 10-20 billion cubic meters of water to the Yellow River a year, Chen said.

He proposed that a coordinating agency be established to tackle the issue of raising funds for the western route project.

PRC: Zhu Rongji Criticizes Construction Excesses, Abuses

HK0703075996 Hong Kong SING TAO JIH PAO in Chinese 7 Mar 96 p A4

[Report from Beijing by SING TAO JIH PAO news team: "Zhu Rongji Criticized Haphazard Funding and Sham Speed"]

[PTS Translated Text for FBIS] Chinese Vice Premier Zhu Rongji rapped those localities for haphazard investments and exaggerating speed of development at a Chinese People's Political Consultative Conference [CPPCC] group meeting the day before yesterday. He said that this problem must be taken into account in checking on cadres. A higher speed in no way means the better speed. Whoever decides to launch a project must be responsible for the project, he added.

When attending a CPPCC group meeting the day before yesterday, Zhu said that various localities hope to launch new projects to expand the scale of infrastructure, adding that these localities still favor the extensive economic growth mode.

He said that officials of some localities, to show off their work results, keep putting the emphasis on speed. These officials lure factory managers to Beijing to ask for money and the approval of new projects, but nobody

takes care of the quality of the projects after they are started, resulting in a prodigal waste of investment, he added.

Zhu pointed out: Strict measures must be taken to solve this problem. First, importance should be attached to reforms of the financial and investment systems. Whoever decides to start a project must be held responsible for completion of the project. Banks should make strict examinations before granting loans to prevent excessive investment. Second, in checking on cadres, organization departments cannot judge solely by their inflated speed of development. Faster does not mean better. We need to effect two changes in the economic growth mode (sentence as published), we also need to change the way to judge cadres.

When asked whether Zhu Rongji was criticized in reference to Zhuhai, the famous expert Gao Shangquan, who attended the group meeting together with Zhu, said that it is improper to guess. But Gao said he also has no idea about where Zhuhai got the construction funds for the Zhuhai Airport. The airport authorities succeeded in inviting Premier Li Peng to cut the ribbon when the airport went into service last year. But construction of the airport is still under fire even now.

In another development, Wang Yu, General Party School professor and economist, questioned Li Peng's formula that the inflation rate should be lower than the economic growth rate. He said that it is correct to regulate speed, adding that a high development speed without efficiency is pointless. He also said that too much money is invested in duplicate construction. In the future, 60 percent of funds should go to the transformation of old enterprises, and 40 percent to new projects.

In addition, according to the Central Bank Governor Dai Xianglong, the state enterprises' assets-liabilities rate is at an excessive 75 percent level, to lower it to 60 percent needs an estimated 900 billion yuan. The government cannot afford this sum, so enterprises themselves and banks will have to take various steps in solving the problem.

Political & Social

PRC: CPC Forbids Reporters To Cover Taiwan Elections

HK0703085196 Hong Kong PING KUO JIH PAO in Chinese 4 Mar 96 p A10

[Report by Li Yi-min (2621 1105 3046): "Central Propaganda Bans Media Covering Taiwan Elections"]

[PTS Translated Text for FBIS] Although mainland official news agencies are critical of the dubious funds

involved in Taiwan's elections, mainland reporters are displaying a keen interest in the 23 March presidential election and hope to go there to cover the event. It has been indirectly learned that Chinese Central Television [CCTV] applied to the State Council Taiwan Affairs Office for approval to cover the election, but their application was turned down by the Central Propaganda Department.

According to a source, in addition to CCTV, XINHUA and ZHONGGUO XINWEN SHE [CHINA NEWS SERVICE] reporters also hope to cover the election. But it is sensible and reasonable for the Central Propaganda Department to reject their demand: Taiwan's presidential election is something sensitive, and reporters would find it difficult to do exactly as required in their standpoints and reporting; few newspapers (except newspapers on the mainland) will carry XINHUA reports because a great number of international-level newspapers, periodicals, and news agencies will also send reporters to cover this great event.

In fact, since Li Teng-hui's June 1995 visit to the United States, the mainland, in addition to criticizing Li both in speech and writing, has used force to threaten the Taiwan Government. Over the past six months cross-strait tensions have become a hot topic for the media on both sides of the strait.

Due to the strong smell of gunpowder across the strait, the possibility of a major war between the two sides has become the central issue of the "two sessions," which originally planned to discuss the Ninth Five-Year Plan and anti-corruption issue, about which National People Congress deputies and Chinese People's Political Consultative Conference National Committee members are very much concerned. Even pro-China newspapers in Hong Kong jumped the gun yesterday [3 March] by disclosing that a half-page in Li Peng's government work report is devoted to the reunification of Taiwan. Though the newspapers offered nothing new, obviously whether a war will break out across the strait is a matter of greatest concern to session participants and other people.

PRC: Public Security Minister on Li Peiyao Murder, Wang Dan

HK0703043996 Hong Kong TA KUNG PAO in Chinese 6 Mar 96 p A3

["Special dispatch" from Beijing on 5 March: "Tao Siju Discloses That Wang Dan Is Now in Beijing"]

[PTS Translated Text for FBIS] Public Security Minister Tao Siju described today the murder of Li Peiyao, vice chairman of the Standing Committee of the National People's Congress [NPC], as a "serious incident,

adding that in the face of an upward trend in criminal cases, mainland China has to devote greater efforts to improving public order.

Soon after Tao's arrival for today's conference, more than 10 Hong Kong and Macao reporters extended their microphones and asked him to comment on the question of public security and the prevention of forgery in the Hong Kong Special Administrative Region [SAR] passports.

Tao calmly replied: Li Peiyao's murder is a very serious incident, and public security has always been a problem, to which people at home and abroad pay close attention. He added: "Since reform and opening up, China has put great efforts into improving public security. However, in the face of increasing criminal cases, we have to come up with more measures to tackle them. We understand that all social strata have been concerned about the Li Peiyao incident, and we will continue to do our utmost to improve public security."

When a reporter mentioned that some people say that the Hong Kong SAR passport's forgery prevention technology is not adequate, Tao noted that a specialized department under the Ministry of Public Security is working hard on it. He said: "While our supervisory department is trying to make more efforts in all aspects, both the Preparatory Committee and the Hong Kong Government are also working on it. As this has to do with Hong Kong residents' freedom of travel in the future, we should find all possible ways to resolve it."

When asked about Wang Dan's condition, Tao said that Wang Dan is now in Beijing.

PRC: Article 'Exposes' Political Ploys of Dalai Lama

OW0703084796 Beijing XINHUA in English 0742 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — A signed article, which is carried by the first issue of CHINA'S TIBET, a Beijing-based bi-monthly magazine, exposes the so-called Tibetan issue and human rights issue in Tibet peddled by Dalai Lama.

The article, written by Zhi Yun, starts with a religious affair, namely, "in a sudden move on May 14, 1995, the Dalai Lama, speaking from his headquarters in India, declared a Tibetan boy to be the 'reincarnated soul boy of the Bainqen Lama.'"

The move, which followed repeated failures, represented yet another political ploy by the Dalai Lama clique to split the motherland by exploiting the reincarnation of the Bainqen, the article says, adding the

declaration not only violated historical conventions and religious rituals, but also went against the Central Government. It in fact turned black into white and created adverse impact in the international community.

The emergence of the so-called "Tibetan issue" was related to the decline of the Qing government (1644—1911), followed by intensified imperialist aggression against China and meddling in Tibetan affairs, according to the article.

The imperialists launched two wars of aggression against China's Tibet in a bid to tear Tibet away from the Chinese territory and incorporating it into the British sphere of influence. In 1914, the British imperialists plotted to convene the tripartite Simla Conference between "China, India and Tibet." The conference marked a major British move to tear Tibet away from the Chinese territory.

Over the next 40-odd years, the article says, the imperialists repeatedly incited and supported activities aimed at "Tibetan independence." The people of all nationalities in China stood up with the founding of the People's Republic of China in 1949, an event which signified that imperialist aggression against China and its Tibet had gone for ever.

Nevertheless, the article adds, following the founding of New China, the "Tibetan issue" cropped up time and again as a result of the Cold War imperialists launched to contain socialist China. The armed revolt staged by the reactionary upper class of the local government of Tibet in 1959 failed and the Dalai Lama fled to India, where he has since led a life in exile.

According to the article, authoritative documents reveal that the Dalai Lama fled Chinese territory with the assistance of the CIA. Since that time, the Dalai clique has simply been a pawn played by imperialist forces in the West. The CIA has trained Tibetan rebels in the United States, and has provided military and financial aid to Tibetan separatists.

The United States also manipulated the United Nations to adopt the so-called "Resolution on the Tibetan Issue" in 1959 in an attempt to go on meddling in Tibetan affairs until the improvement of Sino-US relations in the early 1970s.

"The Tibetan issue" was all but unheard of during the ensuing decade and more," the article notes. However, the end of the Cold War at the end of the 1980s was followed by some countries in the West moving to interfere in China's internal affairs by raising "human rights issues in Tibet."

As a matter of fact, the so-called "human rights issue in Tibet" are simply a variation of the "Tibetan issues" which have haunted China throughout history, the article says.

Following the founding of New China, the article says, countries in the West found that it would be impossible to resort to force to split China by splitting Tibet from the motherland. This in turn forced them to trumpet the so-called "human rights issues in Tibet", and to meddle in China's internal affairs under the disguise of "defending human rights." Their actions in no way meant that they actually care for human rights in Tibet, the article says.

The Dalai Lama delivered a speech to the US Congress advocating riots in Lhasa in September 1987, at the invitation of the US Congress. The very next month, the US Senate adopted a resolution on "human rights issues in Tibet" as a means of encouraging the Dalai Lama to proceed with endeavors. The action was in fact the catalyst for several ensuing riots in Lhasa.

"The reincarnation of the Bainqen is purely an internal affair of China," says the article. "Given historical precedence and religious rituals, religious circles in Tibet should be responsible for selecting the soul boy, with the selection subject to confirmation by the Central Government of China. "The selection process has nothing whatever to do with the United States," the article says.

The Chinese government issued a solemn statement on May 17 last year, refuting Dalai's pervasive act in declaring that the soul boy of the Bainqen had been determined, and declared the choice as both illegal and invalid.

Nonetheless, the US government stood firmly behind the Dalai Lama. A spokesman for the US Congress expressed deep regret for the stance of the Chinese government. Once again, the US move, just as human rights issues in Tibet" trumpeted by the West, fails to indicate true care for Tibet, the article notes.

Over the past decade, the article says, the Dalai clique has also talked glibly about "human rights issues in Tibet." Its goal is to garner sympathy and support from the West and internationalize the "Tibetan issue."

Since the early 1980s, the international community has followed still more closely the issues concerning human rights. The Dalai clique reacted by inciting public concern with "human rights issues in Tibet."

In the recent years, the article says, the Dalai Lama has been described in some Western media as a religious leader. The Dalai Lama traveled to dozens of countries

in Europe, Asia and North America where he has been received by government leaders, delivered speeches and held press conferences.

What he is actually propagating, however, is his positions on the so-called "human right issues in Tibet" and "Tibetan independence". He is no other than a politician used by others. His works for "human rights issues in Tibet" and for "Tibet independence" also led to his winning of the Nobel Peace Prize in 1989, according to the article.

All of these events have occurred alongside the rapidly changing world situation. Since the late 1980s, the former Soviet Union and the socialist countries in Eastern Europe have undergone dramatic changes. China has emerged as the West's major target for peaceful evolution.

The so-called "Tibetan issue" is the tactic the West is using to Westernize and split China. Under this scenarios, the value of the Dalai Lama increases in terms of the West's anti-China endeavors.

International anti-China forces strive to use the so-called "Tibetan issues" to split China and spark changes similar to those that have taken place in the former Soviet Union and Eastern Europe.

Regardless of all this, however, Western support for the Dalai Lama is limited. While the West can grant the Dalai honors for political purposes and leaders of some Western nations can receive him as means of exhibiting token support, no government or official of any country concerned openly support the Dalai Lama's call for "Tibetan independence," nor they recognize the Dalai clique's government in exile."

Before his election, the article says, US President Bill Clinton openly spoke against China on issues concerning Tibet. However, he has changed his tune after winning the presidency. He was obviously at odds on how to term his meeting with the Dalai Lama, finally calling it a meeting of a private nature and one which in no way implied that the United States has changed its stand that Tibet is part of the Chinese territory.

In 1994, the Dalai Lama visited the United States at a time when the US government was deliberating on whether or not to grant MFN status to China. The Dalai Lama called on the Clinton administration to exert economic pressure upon China on issues concerning Tibet.

However, the article says, the Clinton administration resorted to the practice of delinking China trade with human rights issues. The disappointed Dalai Lama complained that President Clinton "having played with

feelings of the Tibetans," and "as a man who does not honor his words."

While supporting the Dalai Lama and exerting pressure on China with regard to issues concerning Tibet, the West refrains from damaging ties with China, especially in the economic and trade. The fact is that China has a huge market and holds an important position in international politics. In their eyes, "Tibetan issue" is no more than a pair of dice when it comes to dealing with China, the article says.

The article concluded that the Dalai Lama and his followers have been leading a life in exile for more than 30 years, a period in which great changes have taken place in Tibet. The changes that have occurred since the founding of the Tibet Autonomous Region in 1965 would have been impossible under the rein of feudal dynasties or the rule of Kuomintang government in China.

Such changes would have also been out of the question when Tibet was under the Gaxag [as received] government and the rule of Dalai Lama himself. Facts prove that only the Communist Party of China and the Chinese government can lead the Tibetan people to achieve social stability and economic prosperity and ensure the Tibetans to lead a better life and enjoy religious freedom.

"If the Dalai Lama does in fact "care for the happiness and freedom of the Tibetan people," as he has remarked repeatedly, he should give up efforts to split the motherland by abandoning this call for "Tibetan independence," returning to the embrace of the motherland, and contributing to a united, prosperous and civilized Tibet. Or to make it simple, he should not depend on others and live in exile, the article says.

PRC: Commentator Views 'Decisions' on Social Order

HK0703024396 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 1 Mar 96 p 2

[Commentator's article: "Firmly Grasp Implementation, Take Both Stopgap and Radical Measures"]

[PTS Translated Text for FBIS] Five years ago, the CPC Central Committee and the State Council, and the Standing Committee of the National People's Congress [NPC] issued [two] separate decisions on strengthening comprehensive management of social order (hereinafter referred to as "Decisions"). The "Decisions" systematically summed up the basic experience in comprehensive management of social order since the Third Plenary Session of the 11th CPC Central Committee and drew up a comprehensive plan for this work.

Over the past five years, all localities and departments throughout the country have conscientiously implemented the spirit of the "Decisions." They have taken the establishment of a sound leaders' responsibility system for comprehensive management and an objectives management responsibility system as a dragonhead and have implemented various measures for comprehensive management; swiftly dealt a heavy blow to serious criminal activities; persistently launched various special struggles; promptly tackled glaring problems with public order; strictly managed public order and taken drastic preventive measures; stepped up control of the floating population; strengthened the work of resettling and assisting those released upon completion of their terms in prison and labor camps; intensified education in the law; increased the strength of publicizing comprehensive management; organized the broad masses of the people to participate in the comprehensive management of social order; effectively and basically safeguarded social stability; and provided a better public order environment for reform and development. Practice has proved that comprehensive management of social order is an important task in building socialism with Chinese characteristics, a major measure to safeguard social stability, and a fundamental resolution to the problem of public order in China.

The Fifth Plenary Session of the 14th CPC Central Committee proposed that it was imperative to beef up comprehensive management of social order, safeguard long-term social stability, and ensure that the masses live and work in peace and contentment. At present, factors contributing to the problems with public order have increased, relatively speaking. We are still faced with a grim public security situation. Social order is poor in some localities and is still a major problem to which the masses have reacted strongly. Therefore, comprehensive management of social order can only be vigorously strengthened rather than weakened.

To strengthen comprehensive management of social order, the most important thing is to implement its various measures further down to grass-roots units in urban and rural areas. The "Decisions" defined major policies, ideas on work, and major measures to comprehensively manage social order. The decision by the CPC Central Committee and the State Council on strengthening comprehensive management of social order was openly announced so that their policies and measures are known to every household and individual and that the spirit of the "Decisions" can be genuinely implemented down to grass-roots units in urban and rural areas, administrative villages, neighborhood committees, households, and individuals.

Attention from leading comrades in all localities and departments is the key to strengthening comprehensive management of social order. It is necessary to earnestly implement the leaders' responsibility system for comprehensive management and the objectives management responsibility system and to enhance leading cadres' consciousness and initiative to grasp comprehensive management of social order. In particular, foremost leaders from all localities and departments under the party and the government should view good comprehensive management of social order from the plane of correctly handling the relationship between reform, development, and stability and implementing the party's basic line in a comprehensive way; and they should persist in "doing two types of work simultaneously and attaching equal importance to both" and devote much time and effort to comprehensive management of social order. Leading comrades at all levels should conscientiously shoulder the political responsibility of "ensuring security in their areas," strengthen organizational leadership, promptly study and resolve new cases and problems that crop up in work, and do a good job of comprehensive management at the grass-roots level in a down-to-earth manner so that "there are people leading, working, and doing solid work at each level."

To strengthen comprehensive management of social order, it is necessary to mobilize by various means the forces of the whole society to jointly exercise management. Members and units under committees for comprehensive management of social order at all levels should give full play to their functions and actively participate in comprehensive management of social order. Various organs, factories, mines, schools, institutions, and people's organizations should "supervise their personnel, watch over their doors, and do their own work well." While strengthening education and management of personnel from their units and departments and doing various safety and preventive tasks well, they should also mobilize and organize the masses to actively participate in comprehensive management of social order and to further foster a good social concept of "safeguarding public order being responsible for everyone."

Comprehensive management of social order is a systematic project. To strive for improved social order is the party's and the government's resolve and the people's aspiration. As long as they conscientiously carry out the "Decisions," unwaveringly uphold the principle of comprehensive management of social order, and implement various measures in a down-to-earth manner, they will certainly maintain social stability and provide a good public order environment for economic development and overall social progress.

PRC: Former RENMIN RIBAO Director Denies Comeback 'Rumor'

HK0603093296 Hong Kong PING KUO JIH PAO in Chinese 4 Mar 96 p A10

[Report from "Cross-Strait News in Brief" column: "Hu Jiwei Denies Making a Comeback"]

[PTS Translated Text for FBIS] Hu Jiwei, former director of RENMIN RIBAO, denied the rumor that he will make a comeback soon. Because of his support for the 1989 democratic movement, Hu was dismissed from the Standing Committee of the National People's Congress and was placed on probation within the party for two years.

Hu said that although his two-year probation period within the party was overdue, the disciplinary punishment has yet to be rescinded. This, plus the fact that he is over 80 years of age, makes his comeback even more unlikely.

PRC: Electricity Law To Come Into Force 1 Apr

OW0603092196 Beijing ZHONGGUO XINWEN SHE in English 0511 GMT 5 Mar 96

[FBIS Transcribed Text] Beijing, March 5 (CNS) — The implementation of the electricity law on April 1 is regarded as the most important event for the electricity industry during the Ninth Five-Year Plan, said Shi Dazhen, Minister of Power Industry.

Mr. Shi pointed out that enactment of the law had taken more than ten years. Much more had yet to be done in the process of its implementation.

The law provides for power grid management departments, investors and consumers. It provides protection for the interests of parties involved and facilitates the development of the power industry.

During the current five-year plan, a number of supplementary regulations on power supply and consumption as well as the regulation of electricity prices will be formulated.

With the regulations of power grid management and protection for power facilities already in place, completion of the supplementary regulations will lead to the formation of a complete system for the electricity industry.

The law contains ten chapters including general rules and appendices. It has 75 articles on power construction and production, power grid management, power supply and consumption, unit prices for electricity, charges, development of rural power facilities and power consumption in rural area; protection for as well as examination of power facilities and legal responsibility.

PRC: National Progress Made in Eliminating Illiteracy

OW0603134196 Beijing XINHUA in English 1040 GMT 6 Mar 96

[FBIS Transcribed Text] Wenzhou, March 6 (XINHUA) — China achieved great success in its literacy campaign during the Eight Five-Year Plan period (1991-1995), bringing the illiteracy rate down to 12.01 percent from 15.88 percent in 1990.

Statistics from the National Anti-Illiteracy Work Conference held recently in this city in east China's Zhejiang Province, also showed that the proportion of illiterate people under 45 years old has dropped to seven percent and that a total of 25.98 million illiterate people have become literate in the past five years.

More than 20 provinces have set up coordinating committees responsible for promoting literacy.

PRC: Statistical Bureau Releases 1995 Demographic Figures

OW0303022296 Beijing XINHUA in English 0812 GMT 1 Mar 96

[FBIS Transcribed Text] Beijing, March 1 (XINHUA) — The crude birth rate of population in China was 17.12 per thousand, and the death rate was 6.57 per thousand, resulting in a natural growth rate of 10.55 per thousand.

This was announced by Zhang Sai, director of the State Statistical Bureau, at a press conference held in Beijing today.

By the end of 1995, the total population of China was 1,211.21 million, or an increase of 12.71 million over the figure at the end of 1994.

The annual per-capita income of urban households that could be used as living expenses was 3,893 yuan in 1995, up 22.5 percent over the previous year, or a real growth of 4.9 percent if increase in prices was excluded.

Per-capita income of rural households was 1,578 yuan, up 29 percent, or a real growth of 5.3 percent.

However, Zhang noted, difference in growth of income between provinces and between urban and rural households was still prominent, and the real income of some residents declined.

By the end of 1995, the staff and workers in China numbered 186.2 million, or 4.6 million persons more than at the end of 1994. Through the Re-employment Project, 1.4 million unemployed and surplus labors found jobs again.

Meanwhile, 5.2 million urban residents were registered unemployed, with an unemployment rate of 2.9 percent.

The average wage of employees was 5,500 yuan, up 21.2 percent, with a real growth of 3.8 percent if price increase was excluded.

The social security system was set up in 33.2 percent of rural townships and marked development was also made in urban community service network, with 104,000 community service facilities established.

PRC: Impact of Market Reforms on Elderly Examined

OW0303014996 Hong Kong AFP in English
0118 GMT 3 Mar 96

[By Tiffany Bown]

[FBIS Transcribed Text] Beijing, March 3 (AFP) — Economic reforms and social changes over the past decade have not been kind to China's elderly, with more and more retirees finding themselves forced back into the workplace to make ends meet.

"Before the economic reforms, old people were cared for much better," as part of a cradle-to-grave welfare system, under which state units continued to cover workers' housing, medical and other living expenses after retirement, said Zhang Kaiti of the China Research Centre on Ageing (CREA).

However, said Zhang, under market-oriented reforms, caring for the country's 30 million urban retirees has become a massive burden for loss-making state firms, with many elderly finding their benefits cut or at least failing to increase despite high inflation in recent years.

"Old people are becoming poorer and poorer compared to the rest of society," said Zhang, noting that average Beijing pensions had stagnated at around 300 yuan (36 dollars) per month for years.

With ageing workers among the first to be sent home on minimum or no pay as the number of lay offs from inefficient state enterprises, government departments and educational institutions increases, many individuals are finding themselves with no support at all in their old age.

Chen Zhangbi, now 58, was forced into early retirement with no pension six years ago, despite 30 years of service as a physics professor at the Beijing Television University.

"I should have the right to a pension, but the situation in China is very complicated," said Chen, adding that many of his friends were in a similar predicament.

Anger among pensioners over their worsening lot has led to growing number of reports of demonstrations, while CREA researcher Tong Zeng said recently that many elderly were expected to come to Beijing to stage protests during the annual National People's Congress session that begins Tuesday.

Chen, however, said becoming agitated over the situation was futile — likely to simply hurt his health while having little practical effect.

"If they don't want to give you your pension, you're not going to get it. What's the point in complaining, that's just the way China is," he said, alleging that many corrupt officials put the allocated funds into their own pockets.

Rather than complaining, Chen solved his predicament by "jumping into the sea" — or going into business — by pooling the savings of several family members to open a small kitchenware shop.

The capital required for investment puts such an option beyond the means of most Chinese elderly, with many instead accepting pitiful wages to do simple jobs like working as car-park attendants, office gatemen or lavatory attendants to supplement their pension.

CREA's Zhang said the proportion of retirees finding reemployment had increased from about 10 percent in the mid-1980s to 30 percent now, adding that the level was continuing to rise.

While the government is running pilot projects aimed at creating a more effective pension system based on western models under which employees pay monthly contributions, demographic factors are likely to ensure the China's problems in caring for its pensioners will only become worse.

China's massive population is ageing faster than any other country in history, due to a draconian family planning policy restricting urban families to just one child and controlling the number permitted to rural couples and a doubling of life expectancy since 1949 to 70 years old.

The China National Committee on Ageing forecasts that the number of Chinese over the age of 60 will increase from 103 million, or nine percent of the population, in 1992 to 280 million, or nearly 20 percent, by 2025.

Many will have to fend for themselves as the demographic shift creates fewer children per family to look after elderly parents and social changes brought about by economic reforms weaken traditional concepts of "filial piety" and leave many youngsters with little intention of taking on the burden.

PRC: Contradictions in Market Economy Causing Crime

96CM0159A Beijing FAZHI RIBAO in Chinese
1 Feb 96 p 7

[Article by Yi Yu and Hua Xia (5478 1115): "The Impact of New Conflicts on Crime"]

[FBIS Translated Text] Various additional new conflicts in the market economy are having an impact in causing crime that must not be underrated.

1. **The impact of commodity and money fetishism.** In the market economy, production units and individuals are concerned not only about their output and exchange, but even more so about their earnings and maximum gains. In our initial market economy period, some people's thoughts and actions are quite likely to become subject to a value orientation of going all out for money, which brings out many of the old conflicts that once appeared under our old [pre-revolutionary] economic system, thus causing criminal acts that undermine national, collective, and individual interests.

2. **The market competition conflict.** In a market economy, as the market plays an essential role in the disposition of resources, that is bound to sharpen the competition over human, financial, and material resources. While competition inevitably results in excellence, it leaves certain enterprises, units, and individual operators in a difficult plight of losses or even severe losses, which affects employee material interests. In some cases, it even creates a sharp labor-capital conflict, which inevitably sharpens when left long unresolved in a market economy.

3. **The conflict between "disorderly" market growth and relatively "stagnant" social controls.** When a market economy is first established, it is likely to temporarily experience a "disorderly" state of growth. To turn such "disorder" into "order" as quickly as possible, social controls need to be correspondingly institutionalized and standardized. But as the socialist market economy that we are building is an unprecedented one-time Chinese reform with no ready-made experience to draw on, some of our social controls remain quite passive with certain loopholes.

4. **The unjust distribution conflict.** As our price and wage reforms are still incomplete [uncoordinated], our income gap is growing steadily larger. This conflict of unjust distribution can bring turbulence to our social order, resulting in unstable public order and causing crime.

5. **The conflict between "reckless consumption" and the inability of youth to pay.** With the "reckless consumption" of recent years having stimulated the

consumer aspirations of certain youths, in the pursuit and satisfaction of material and spiritual enjoyment, they have been committing crimes unscrupulously.

6. **The workforce jobs conflict.** With a large population and undeveloped productive forces being China's basic national conditions, our large population means that more people need jobs. But the growth of science and technology is bound to create more unemployment. Those who have finished their reeducation through labor [in labor camps] and been released after serving [prison] sentences have an even harder time finding jobs. So not solving this problem well will be bound to add to our social instability.

7. **The population mobility conflict.** China's migrant population in recent years has reached 100 million a year. But as the management model for this population trend in the market economy is still in an exploratory stage, any neglect of such large and "disorderly" population mobility is likely to cause loopholes that raise our crime rate.

8. **The social "commercialization" impact.** Certain market economy features not only are reflected in the economic arena, but also infiltrate into other fields. Such inappropriate and artificial expansion of the scope of commercialization enables certain normal matters to also reach a certain scale through business and exchange means. The proof of such improper exchange is the large-scale commercialization of power and exchange of authority for money, along with the spread of prostitution that had long since been stamped out.

As China is still in the initial stage of socialism, with undeveloped productive forces, still imperfect social control mechanisms, and an as yet unsound legal system, it is going to take us a long time to establish our socialist market economy. So on such particular historic terms, we need to focus on studying the inherent links between a market economy and crime, proceeding to build a socialist market economy by planning a new system of public crime prevention in the market economy, which is the only way to treat both the symptoms and the root cause.

Military & Public Security

PRC: PLA Plans Missile Tests 'Even Closer to Taiwan Cities'

HK0703044796 Hong Kong SOUTH CHINA
MORNING POST in English 7 Mar 96 p 8

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] The People's Liberation Army [PLA] has planned more war games and

other acts of harassment against Taiwan to take place after the presidential elections on the island this month.

An army source said yesterday measures included missile testing even closer to Taiwan cities coupled with warnings to Taiwan residents to stay away from these areas during the drill periods.

Moreover, the next round of manoeuvres would include more target zones round the island to achieve the effect of a total blockade.

A third possibility was to send specially commissioned and equipped fishing junks close to the main Taiwan island.

"These measures will have the effect of scaring away investors and crippling the Taiwan economy," the source said. "Taiwanese society will be disrupted."

Taiwan analysts in Beijing said these steps would be taken if, after his expected re-election, President Lee Teng-hui did nothing to pacify the Chinese.

They said while Beijing was aware that war games alone might not be enough to "drive away" Mr Lee, they would be sufficient to precipitate a political crisis which his enemies, including the pro-unification forces, might be able to exploit.

In January, premier Li Peng cited a third criterion for invasion of Taiwan in addition to the outright declaration of independence and foreign intervention: massive social and political instability on the island.

Officials in Fujian and Taiwan said exercises involving other branches of the PLA would take place either during the missile testing period, starting tomorrow until March 15, or immediately afterwards.

Military divisions expected to be active include the Air Force, artillery units, naval units and amphibious forces.

A businessman in Fujian said yesterday "localised" war games involving individual divisions had taken place before Lunar New Year.

It is understood that the 100,000-odd troops massed on the Fujian coast will remain there for the foreseeable future.

The Taiwan media yesterday quoted the vice-chief of general staff, General Tang Fei, as saying multi-divisional exercises would be staged along the Fujian coast immediately after the missile drill.

Other defence officials said they expected Beijing to fire medium-range M-class missiles such as the M-9 and the M-11 during the drill.

The pro-Chinese Hong Kong daily, Wen Wei Po, yesterday quoted military experts as saying the missiles might fly over Taipei and Keelung during the testing.

Sources in Beijing said the leadership had arrived at a new consensus to adopt a "tough" policy towards Taiwan.

The ongoing National People's Congress would be used as a forum to reflect a "national determination" to get Taiwan back, they said.

PRC: Mainland Likely To Seek 'Total Blockade' of Taiwan

*HK0703045196 Hong Kong HONGKONG
STANDARD in English 7 Mar 96 p 1*

[By Cecile Kung in Beijing and Apple Wan]

[PTS Transcribed Text for FBIS] China is set to extend its missile target zones along its southeastern coast to achieve a total blockade of Taiwan after its week-long missile exercises off the island, military source say.

In Quemoy (Kinmen), the closest Taiwanese territory to mainland China, armed forces moved to red alert yesterday as residents braced for the latest round of Chinese missile drills.

Taiwanese military officials have given orders to boost troop strengths and readiness ahead of a week of surface-to-surface missile tests by mainland forces starting tomorrow.

The number of troops posted at antiaircraft batteries had been increased from two during low alert periods to five under the heightened security level, while war materials and other supplies had been shipped in greater quantities to the island.

Quemoy is 196 kilometres from the southern Taiwanese city of Kaohsiung—but is right on China's doorstep. What is in effect a cluster of islets at one point lies just 2.3 km from the communist-run mainland.

Military sources in Beijing said the targeted areas might be extended to as many as 20 to encircle Taiwan should it continue its pro-independence moves.

Such a move would paralyse the island's sea and air traffic.

Meanwhile, China would stage all-forces exercises after completing its upcoming missile drill off Taiwan on 15 March, a high-ranking Taiwan officer said yesterday.

Taiwan's deputy chief of general staff, General Tang Fei, said full air, sea and land manoeuvres would be staged on the coast of Fujian.

Taiwan had already detected mobilisation of Chinese troops to the coastal areas and deployment of warplanes from northern China.

Gen Tang predicted China would continue its military harassment of Taiwan, right up to the island's first direct presidential elections on 23 March.

Military sources in Beijing said one of the vital factors to determine whether China would use force to retake Taiwan was "foreign interference".

Assistance from the United States would result in a full-scale war.

The China-backed newspaper WEN WEI PO also quoted analysts in Beijing as saying that in addition to the areas around the two ports of Keelung in the north and Kaohsiung in the south, China was likely to keep expanding the target areas until it had achieved a complete blockade of the island.

PRC: PLA Exercise Said To Target 'Entire Island of Taiwan'

*HK0703071496 Hong Kong MING PAO in Chinese
7 Mar 96 p C1*

[Report by MING PAO news team covering NPC and CPPCC sessions: "If Exercises Should Be Conducted in Earnest, Mainland China Will Attack Taiwan in One Fell Swoop"]

[PTS Translated Text for FBIS] The official media announced yesterday that Liu Huaqing, vice chairman of the Central Military Commission [CMC], went to the National People's Congress [NPC] deputies delegation from the People's Liberation Army [PLA] to make a fairly moderate speech.

According to a source, CMC Chairman Jiang Zemin should have made the speech, as was originally planned. However, as the response brought about by the news that the PLA missile firing practice had attained the anticipated objective, the authorities did not want to "exploit the victory" for the time being and changed the plan at the last moment.

The Target of the Military Is the Entire Island of Taiwan

It is disclosed that the authorities have deliberated the question of cross-strait relations for a long time. On this occasion they do not want to lay down all the "cards." Before the presidential elections in Taiwan, the Beijing authorities will keep on firing a verbal broadside at Li Teng-hui. As for "military intimidation," following the missile firing practice, there will still be an integrated exercise [zong he yan xi 4844 0678 3348 5045] by the Navy and joint exercises by the Navy, the ground

forces, and the Air Force, as well as the missile unit. A relevant person said: The exercises will clearly show that the target of the military is no longer confined to Taiwan's offshore islands but the entire island of Taiwan. The forthcoming naval exercises will for the first time be jointly conducted by the East China Sea Fleet and the South China Sea Fleet. According to the plan, the target of the former is the port of Keelung while that of the latter is the port of Kaohsiung. The naval exercises will demonstrate the significance of this missile firing practice more obviously, while the large-scale triphibious integrated exercise [da xing san qi zong he yan xi 1129 0992 0005 2722 4844 0678 3348 5045] to be conducted later will push the "military intimidation" to a final climax.

It is said that before planning the series of actions the authorities considered whether the PLA had the strength to solve the Taiwan issue once the exercises would "be conducted in earnest [nong jia cheng zhen 1702 0250 2052 4176]." It is said that the military's strong sentiment to ask for a battle assignment has been instrumental in making Jiang Zemin and other senior leaders make such a determination. In light of overseas media remarks that the types of fighter aircraft of the Chinese Air Force are backward and that once fighting breaks out, it will be hard to gain air domination, the PLA Air Force has made a pledge to the CMC that they will not hesitate to sacrifice five fighters in exchange for one Taiwan fighter and gain air domination in war as quickly as possible with the method of war of high attrition [da liang xiao hao zhan de fang shi 1129 6852 3194 5088 2069 4104 2455 1709].

A source in Beijing said: There is a strong sentiment to ask for a battle assignment in the military chiefly because, after the central authorities have shifted the focus of work to military construction, they have to enhance the increasingly declining status of the Armed Forces through action in the future. In particular, since the 4 June incident, the image of the military force has been tarnished in the people's eyes although the situation has changed a little bit now. For example, although war has not broken out, the NPC deputies from the military have attracted unprecedented attention at the current NPC meeting.

The Air Force Plans To Gain Air Domination With War of Attrition

A large-scale military action is also what the military needs to stabilize the military force. In this year's financial budget, the military spending growth has been the lowest since 1989. When commenting on this, a lieutenant general said that the military force can make allowances for the country's difficulties. The morale

of the military force has been maintained with the spirit of working hard and enduring hardships and the servicemen's sense of honor. When commenting on this remark, a relevant person pointed out: Since the start of reform and opening up, the Chinese Army's traditional spirit of enduring hardships has been subject to a strong impact and the servicemen's sense of honor has also been diluted in the wake of the declining status of the military force in a period when economic construction is the focus. A large-scale military action is the best method to enhance such a sense of honor. Li Teng-hui's "Taiwan independence" behavior has provided the PLA with the best opportunity to take a large-scale military action.

PRC: New PAP Leaders Emphasize Political Awareness

OW0703081796 Beijing XINHUA in English
0742 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Yang Guoping, the newly-appointed commander of China's People's Armed Police (PAP), and Xu Yongqing, the newly-appointed political commissar of the PAP, have stressed the necessity of putting ideological and political construction first.

According to the two leaders, the armed police have a special mission, and senior officers and leading organs must be strict with themselves and set examples for the force.

They expressed the view that improving the management and education of senior officers is a long-term task, the fulfillment of which requires unremitting and sustained efforts.

From February 27 to March 4 officers in the headquarters of the armed police held meetings to formulate measures to improve their work.

They pledged to more effectively perform the functions of the armed police and fulfil the tasks entrusted to them by the Chinese Communist Party and the people.

They led groups to grass-roots units to guide work and help PAP personnel improve their political study.

PRC: CMC To Cut PLA Strength 'Drastically'

OW0603113896 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 4 Mar 96 Morning Edition p 9

[By reporter Hiroyuki Akita]

[FBIS Translated Text] Beijing, 3 Mar — The CPC Central Military Commission [CMC] has decided to drastically reorganize the People's Liberation Army [PLA] in the near future. According to an informed

source, the CMC plans to reduce the PLA's current troop level of 3 million soldiers by 500,000 and at the same time, begin full-scale development of a logistical support system in the Nanjing Military District, which is on the coast directly opposite Taiwan, so that the PRC will be prepared in case a prolonged war with Taiwan arises. The move will help cut back personnel expenses, which have become a heavy burden on the Chinese Government. It will also promote the introduction of modern equipment and improvement of troop quality.

This will be the first major reduction of the PLA troop level since the mid-eighties when PRC strongman Deng Xiaoping ordered the PLA to be slashed from 4 million to 3 million soldiers. According to the same source, some of the 500,000 soldiers to be dismissed are expected to be reenlisted to serve in an armed police unit charged with maintaining public peace and order. This plan is apparently aimed at suppressing public disorder since crime and violence have been on the rise throughout the country following the PRC's shift to a market economic system.

Progress in negotiations with Russia to reduce border troops has also been instrumental in allowing the Chinese Government to consider cutting back military personnel. Moreover, soaring inflation has caused personnel expenses to sharply rise, and China is being pressed to streamline its military forces as much as possible.

Meanwhile, the weight of fighting power has shifted to high-tech weapons, and the Chinese Government is trying to squeeze out money it needs to purchase such weapons by cutting back on troops. China recently concluded a contract to purchase 72 SU-27's, Russia's most advanced jet fighter. It also needs massive funds to modernize its Navy. In both 1994 and 1995, the growth of China's defense spending rose, increasing over 20 percent on a year-on-year basis. However, it is said that personnel expenses accounted for a considerable portion of the increased spending. Amidst this situation, China is facing an increasingly serious fiscal deficit, and, consequently, observers have predicted that the country's defense spending may grow by more than 10 percent but less than 20 percent in 1996.

PRC: Mess Standard for Soldiers Raised 1 Jan

HK0703032096 Beijing JIEFANGJUN BAO
in Chinese 17 Feb 96 p 1

[Report by Yang Yang (2799 2799): "Units' Mess Expense Standard Raised"]

[PTS Translated Text for FBIS] Editor's note: The CPC Central Committee, the State Council, and the Central Military Commission have attached utmost importance

to units' livelihood and several times raised the mess expense standard for soldiers in recent years. This fully embodies the party's and the state's profound concern and love for officers and soldiers.

Now with a new mess standard, we should strengthen management. As raising the mess expense standard was not easy to do, all levels should take positive measures, strictly implement a mess management system, and constantly strive to raise mess management standards. Only with effective management will we be able to provide soldiers with better mess. Leaders at all levels should attach great importance to this issue. [end of editor's note]

This reporter learned from the General Logistics Department: Thanks to the cordial concern of the CPC Central Committee and the State Council, and with the approval of the Central Military Commission, the daily mess expense for soldiers was raised by an average of 0.5 yuan as of 1 January 1996. This is the fourth time that the Army has raised the mess expense standard since 1993. The General Logistics Department recently issued a circular calling on all units to take effective measures to raise mess management standards as well.

It was learned that to improve the quality of soldiers' mess, the authorities have organized dozens of scientific research institutions to jointly conduct two major rounds of scientific research. The institutions have thus far completed research on "servicemen nutrition supply standards" and "servicemen mess ration standards," thus organically combining nutrition with mess standards. As a result, the state has promulgated a new mess standard for enforcement throughout the Army and placed mess management on a scientific basis. Since 1988, despite a tight defense budget, the authorities have raised the mess expense standard 10 times. On three occasions it was raised as a result of the state pricing policies readjustment. On all other occasions, it was raised as a result of price hikes and with special funds earmarked from the country's increased defense expenditure. While raising the overall mess expense, the authorities have also sought to properly increase mess subsidies to units stationed on plateaus, in border areas, and on islands, including ground, naval, and air forces,

military academies, and sick and wounded servicemen as well.

Zhang Cuiju, director of the Military Supplies Department of General Logistics Department, told reporters: Leaders of the Central Military Commission and General Logistics Department have all along been concerned with the soldiers' livelihood from the bottom of their hearts. Chairman Jiang once again stressed this year: Leaders at all levels should attach great importance to livelihood problems by working day and night and even forgetting about meals and sleep to help the men solve livelihood problems. Over the past few years, principal leaders of the Central Military Commission, General Logistics Department, and all major units have personally shown concern for the grass-roots units' mess standard. Last year, the General Logistics Department appropriated more than 60 million yuan to help the units develop agricultural and sideline production and build more livelihood facilities. The units at all levels also provided a significant amount of funds to the men for this purpose. As a result, the Army has perfected a production pattern under which military farms serve as the backbone, brigade and regiment non-staple food production bases as the intermediate links, and grass-roots agricultural and sideline production units as the basis so that the men now receive more subsistence subsidies than before. Last year, some 50 percent of men at the company level were basically able to provide enough meat and vegetables for themselves.

The General Logistics Department's circular stated: After this increase in the mess expense standard, there still exists a big gap between the supply and demand of funds. Therefore, all units should step up propaganda and education to this end, be ideologically prepared for living under a tight budget, adopt effective measures, and guarantee sufficient and timely mess supply to units in accordance with the new mess standard; organize units to vigorously carry out agricultural and sideline productions; enhance units' food self-sufficiency; conscientiously implement the regulation of subsidizing mess with production profits; build more and improve management of livelihood service centers; and strive to heighten management standards.

General

PRC: Plans To Increase Rail Lines Outlined

HK0703082796 Beijing CHINA DAILY in English
7 Mar 96 p 1

[By Yang Yingzhi: "Railway Expansion on the Fast Track"]

[PTS Transcribed Text for FBIS] China will have another 10,000-kilometre-long railway in operation by the turn of this century, according to the Ministry of Railways.

The total length of railways opened to traffic across the country is expected to reach 70,000 kilometres by the year 2000.

By that year, the railways are expected to meet the demand of freight transportation, which is expected to reach 1.8 billion tons per year, as well as easing pressure of passenger traffic, according to Han Zhubin, minister of railways.

Top consideration will be given to 10 key national projects including railways linking: Nanning in Guangxi with Kunming in Yunnan; Xian with Ankang in Shaanxi; Shouzhou in Shanxi with Huanghua in Hebei; Handan in Hebei with Jinan in Shandong; Qinhuangdao in Hebei with Shenyang in Liaoning; and Xinxian in Henan with Heze in Shandong.

Total investment in railway construction is estimated at 250 billion yuan (\$30 billion) and another 80 billion yuan (\$9.6 billion) is needed to purchase engines and trains in the coming five years.

According to Vice-Minister of Railways Sun Yongfu, who is in charge of railway construction, the State this year is expected to allocate 33 billion yuan (\$4 billion) for 49 large and middle-size railway projects.

Among them, 19 new projects involving 2,295 kms will be launched this year. The other projects were started during the Eighth Five-Year Plan (1991-95).

And 12 of these projects are scheduled to be put into operation this year, the highest number in recent years.

The projects include the 2,536km-long Beijing-Kowloon Railway, which is expected to go into full operation on September 1, Sun said.

Sun pledged to control the amount of investment and to try to promote efficiency in funding use.

He said the Ministry of Railways has decided to deepen the reform in investment mechanism and to explore various channels to raise funding, instead of depending solely on State investment as before.

The vice-minister said the central and local governments will join hands in the future construction of projects key to the national railway network.

The Ministry of Railways will hold the investment shares for the projects, with localities and enterprises participating in the shares.

The regional railway projects will be jointly funded by the local government and enterprises, Sun added.

During the Eighth Five-Year Plan, more than half of the provinces and autonomous regions have taken part in the construction of 17 railway projects including 2,430 kms of rail lines.

The localities also built 1,041 kms of regional railways.

PRC: Hainan To Invest in 'Crucial' Industrial Projects

OW0603015396 Beijing XINHUA in English
0044 GMT 6 Mar 96

[FBIS Transcribed Text] Haikou, March 6 (XINHUA) — More than 56 billion yuan is to be invested in 38 industrial projects in Hainan Province during the Ninth Five-Year Plan which starts this year.

The projects will be crucial for the southernmost province of China— already a special economic zone— to emerge as an industrial province within ten years, according to Peng Qinghai, head of the Industrial Department of the province.

Once operational the projects are expected to bring in about 40.7 billion yuan in output value.

Among them are four fertilizer plants to annually produce a total of 1.8 million tons of synthetic ammonia, and 3.12 million tons of urea, a plant to produce 1.6 million radial tires, a plant to produce 100,000 tons of methyl alcohol, one to produce 600,000 tons of paper pulp, and another one to produce 100,000 tons of tin-coated thin plate.

In addition to governmental and local investment, as well as bank loans, the province will raise money to construct the projects during the 1996-2000 period, through other channels.

Foreign Trade & Investment

PRC: Boost Given to High-Speed Telecommunications Corridor

OW0603152296 Beijing XINHUA in English
1411 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — The world's most sophisticated telecommunications

transmission system is to play its part in speeding up phone links between north and south China.

The USA made equipment will be fitted to the Beijing-Wuhan-Guangzhou optical cable, one of the country's longest cable trunks, it was announced in Beijing today.

A 19 million US dollar deal for the project was signed today by China's Ministry of Posts and Telecommunications (MPT) and Lucent Technologies, formerly AT&T's systems and technology business.

It is the US company's second Chinese contract in a month. On February 7 a deal worth 16 million US dollars was signed with the MPT to provide SDH (Synchronized digital equipment) for the Beijing-Jiujiang-Guangzhou optical cable.

Lucent will, under the latest contract, provide four SDH systems to the 2,886-km Beijing-Wuhan-Guangzhou cable trunk, and two SDH systems for a branch cable line between Changsha and Nanning.

The equipment will escalate the transmission speeds along the cables to the fastest in the world.

The expansion of the Beijing-Wuhan-Guangzhou cable is a key project of China's telecommunications sector in the Ninth Five-Year Plan period (1996-2000).

When completed, the cable, running from Beijing to Guangzhou via provincial capitals of Shijiazhuang, Zhengzhou, Wuhan, and Changsha, will become China's longest communications artery, with the largest system capacity.

Together with the Beijing-Jiujiang-Guangzhou trunk line, the cable will form a super information corridor between the north and south.

Separated from AT&T recently, Lucent is one of the world's largest telecommunications companies with assets valued at 20 billion US dollars.

PRC: Jiang Zemin Meets IBM Chairman in Beijing
OW0703103196 Beijing XINHUA in English
1020 GMT 7 Mar 96

[FBIS Transcribed Text] Beijing, March 7 (XINHUA) — Chinese President Jiang Zemin met with IBM Chairman Luis V. Gerstner Jr. here this afternoon.

Jiang said that the cooperation between the IBM and China has achieved substantial progress, thanks to the joint efforts.

At present, China sees a stable society and rapidly-growing economy, especially in electronics and information industries, Jiang said. Therefore, he added, prospects for further cooperation between China and the IBM are promising.

Gerstner, also IBM's chief executive officer, explained to Jiang about the strategy and policy for the corporation's cooperation with China. He noted that his company is willing to be more involved in China's construction and computerization of its national economy and to have closer cooperation with it.

PRC: Beijing Seeks World Bank Loan To Upgrade Electricity Grid

OW0603141396 Beijing ZHONGGUO XINWEN SHE in English 0343 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (CNS) — The Beijing Municipal Government is seeking a loan from the World Bank to upgrade its electricity supply network.

This ambitious project could be backed by the World Bank, according to the Bank's China-Mongolia Section chief, Mr. Nicholas Hope, who is currently visiting Beijing.

Li Qiyang, Mayor of Beijing, and his deputy, Zhang Baifa, met with Mr. Hope this afternoon. They exchanged views on this matter and discussed the possibilities of further co-operation. The size of this loan was not revealed.

So far the world Bank has granted a loan of US\$ 123 million for environment protection in Beijing and another US\$ 158 million for the capital's housing reform programmes and social security system.

Mr. Hope's stay in China extends from February 23 to March 8 and is at the invitation of the Ministry of Finance. He has participated in a series of symposiums on China's reform and economic development in the past few days.

He said that he had paid much attention to Beijing's "five year plan" (1996-2000), and hoped this loan could be finally settled when the Bank's officials would discuss the lending package for the next fiscal year with their Chinese counterparts in May.

PRC: World Bank Pledges Support for Economic Construction

OW0603142096 Beijing XINHUA in English
1324 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — The World Bank today pledged support for China's 15-year economic construction drive.

Help for major projects in Beijing has been promised by the World Bank when a high ranking official met the mayor of the Chinese capital.

Nicolas Hope, director of the China and Mongolia Department of the bank, expressed interest in China's Ninth Five-Year Plan (1996-2000), and its long-term target for 2010. He said the World Bank had a willingness to participate in China's grand economic construction.

Hope made the remarks at a meeting in Beijing with mayor Li Qiyuan today.

Hope, who is in China at the invitation of China's Ministry of Finance, said that the bank will provide support for the renovation of Beijing's fourth-ring road, the renovation of the city's electricity network and a waste water treatment project.

Li expressed gratitude to Hope for the bank's support in the city's public facilities construction, environmental protection and housing projects over the past five years. He said that the bank's aids played a positive role in helping Beijing accomplish the aims of its Eighth Five-Year Plan.

Li said that Beijing will continue to import advanced technology, equipment and loans in the future. He reaffirmed that the city will not divert loans from abroad for other use, but will use them strictly as prescribed in the contracts.

Hope attended two seminars in Beijing, one on external debts and another on the reform of state-owned enterprises. He will also be carrying out a study on China's financial reform and the reform of state-owned enterprises.

PRC: Shanghai Attracts Investment From Australia
OW0603134296 Beijing XINHUA in English
1221 GMT 6 Mar 96

[FBIS Transcribed Text] Shanghai, March 6 (XINHUA) — By the end of 1995 Australia had invested in as many as 200 projects in this, China's largest metropolis.

The projects, involving food technologies, environmental protection, automobile parts, textiles, transportation, infrastructure construction, and iron and steel manufacturing, include the largest two invested in by Australia in China—the Shanghai Aolian Glass Plant and Shanghai Foster's Brewery Ltd.

An authority on trade pointed out that Australia has made Shanghai its investment center in China and will further strengthen co-operation with the city in the fields of textiles, construction, energy, environmental protection, telecommunications, aviation and shipping.

Shanghai imports wool and iron ore from Australia, and more than half of the commodities imported or exported by China from and to Australia flow through the city.

The "Shanghai" brand beer, produced by the Shanghai Foster's Brewery Ltd, a joint venture between the local Huaguang Brewery and Australia's Carlton United Brewery Ltd, is on the market in Sydney, Melbourne and Brisbane.

PRC: Guangzhou Mayor Discusses New Ideas for Foreign Trade

OW0603141196 Beijing ZHONGGUO XINWEN SHE
in English 0320 GMT 6 Mar 96

[FBIS Transcribed Text] Guangzhou, March 6 (CNS) — According to Li Ziliu, mayor of Guangzhou City, Guangzhou has decided to adopt measures including the creation of a Guangzhou Foreign Trade Development Fund for promoting foreign economic and trade development. Foreign trade has become the main prop to economic internationalization in Guangzhou.

In the latter part of the "Eighth Five-Year Plan", 40 percent of construction funding in Guangzhou came from overseas. In the next five years, it is estimated that Guangzhou will invest RMB [Renminbi] 300 billion (about US\$ 36.1 billion) in economic construction. Over 40 percent of this will come from abroad. The foreign capital used per year will be over US\$ 2.5 billion.

Mr. Li emphasized that Guangzhou would promote its attractiveness to foreign investors in five ways: geographical location, project and industrial development, policy implementation and provision of services for foreign investors. Foreign capital will be raised from foreign-funded companies and financiers in Guangzhou and mainland-funded institutions in Hong Kong. Both the Guangzhou Municipal Party Committee and Municipal Government have decided to set up a Guangzhou Foreign Trade Development Fund. This will be used to balance export surpluses and deficits of foreign traders. It can also help eliminate some of the risk of trading in international markets.

From the second quarter of this year, Guangzhou will impose unified tax on foreign-funded enterprises and prohibit arbitrary imposition of tax. At the same time, Guangzhou will treat foreign trade enterprises with equality respecting the use of land, water and electricity supply, raw and processed materials and other fees.

PRC: Provisional Regulation on Importing Scrap Issued

OW0603141496 Beijing ZHONGGUO XINWEN SHE
in English 0343 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (CNS) — A number of mainland government departments including the National Environmental Protection Agency

(NEPA), the Ministry of Foreign Trade & Economic Cooperation, the General Administration of Customs, the State Administration for Industry & Commerce and the State Import & Export Inspection Bureau have jointly issued a provisional regulation concerning the import of scrap.

The regulations provide that, with the exception of scrap steel, all scrap is to be examined by local environmental protection departments prior to obtaining approval from the NEPA for its import. The import of scrap steel must be directly subjected to the examination of the NEPA.

The regulations also lay down that projects that intend to use imported scrap must pass an environmental protection risk assessment accredited by NEPA before being allowed to go.

In addition, strict control measures on importers of waste materials, customs inspection as well as penalties for dumping imported scrap are also defined.

PRC: Sichuan Accepts More Foreign Financial Institutions

*OW0603133996 Beijing XINHUA in English
1224 GMT 6 Mar 96*

[FBIS Transcribed Text] Chengdu, March 6 (XINHUA) — This most-populous province in China has formed business relations with 26 foreign banks, insurance companies and securities firms among the world's top 100 over the past five years.

The Bangkok Bank of Thailand, the Overseas Union Bank of Singapore, the Standard Chartered Bank of Britain, the Bank of Tokyo, the Po Sang Bank of Hong Kong, the Hong Kong and Shanghai Banking Corp. and the Manufacturers Life Insurance Co. Ltd of Canada have set up branches or representative offices in this southwest China province.

A dozen other financial institutions from Hong Kong, Japan and France have applied to establish representative offices or branches in Sichuan.

PRC: Qinghai Province Attracts Foreign Investors

*OW0603132596 Beijing XINHUA in English
0813 GMT 6 Mar 96*

[FBIS Transcribed Text] Xining, March 6 (XINHUA) — Northwest China's Qinghai Province introduced a total of 35.59 million U.S. dollars in foreign funds last year, according to Vice-Governor Baima.

It now has 93 foreign-funded enterprises, 13 of which opened in 1995, involving 58.5 million U.S. dollars in total overseas investment.

The International Fund for Agricultural Development, a United Nations agency, loaned 20 million U.S. dollars to aid agricultural development in the Hainan Tibetan Autonomous Prefecture in the eastern part of Qinghai.

The Fund will also extend aid totalling 13 million dollars for comprehensive agricultural development in the counties of Pingan, Hualong and Xunhua in the eastern part of Qinghai.

The European Union also extended assistance amounting to five million U.S. dollars for a pilot livestock breeding project in Golog, Hainan and Haibei prefectures.

Last year exports from Qinghai were worth 138 million U.S. dollars and imports to the province hit 48 million U.S. dollars-worth. Qinghai now trades with 48 countries and regions.

PRC: Inner Mongolia To Utilize Overseas Fund

*OW0603121096 Beijing XINHUA in English
0911 GMT 6 Mar 96*

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Inner Mongolia, north China, will have used a total of six billion U.S. dollars in actual overseas investment, and its annual trade volume is expected to reach two billion U.S. dollars by the end of the century.

Uliji, chairman of the Inner Mongolia Autonomous Region released the figures while attending the ongoing session of the National People's Congress here.

The region will shift the focus on utilization of overseas fund to developing natural resources, improving infrastructure, speeding up technical renovation of large and medium-sized enterprises, and promoting new high-tech, he said.

The autonomous region, accounting for about one eighth of China's territory, signed 1,185 agreements involving the use of overseas capital with an agreed investment of 1.53 billion U.S. dollars during the 1991-1995 period.

The region will build more exports processing bases, and enhance the proportion of deep-processed, value-added and technology-intensified products in its overall mix of exports, Uliji said.

Meanwhile, Wang Fengqi, vice-chairman of the regional government, noted that with its abundant natural resources, Inner Mongolia has great potentials in the development of raw material industry.

The region will achieve the goal of drawing in a total of six billion U.S. dollars in overseas investment by the end of the century with some highly attractive projects, Wang said.

Inner Mongolia will focus on the development of farm and animal products processing, energy, steel, machinery and electronic, chemical, building materials industries, and forestry.

Agriculture

PRC: 'Severe Drought' Threatening Most of North China

HK0703082896 Beijing CHINA DAILY in English
7 Mar 96 p 1

[By Liang Chao: "Drought Plagues Northern Farms"]

[PTS Transcribed Text for FBIS] A severe drought is threatening most of North China.

Almost 7 million rural people and 5.2 million head of livestock are short of drinking water, officials with the Beijing-based State Drought Prevention Headquarters (SDPH) said yesterday.

Some 6 million hectares of crops, more than 11.2 million hectares of farmland ready for sowing and 227,000 square kilometres of pasture lands are suffering from widespread drought, according to SDPH reports.

Governments are working to increase water and irrigation projects. Over 1 million hectares of farmland have been irrigated, but it is unknown at this point what percentage of crops and arable land will be salvaged.

Teams from the SDPH have been sent to several provinces.

Precipitation over most of North China this winter was less than 3 millimetres, which is 30-80 per cent lower than average, SDPH experts said.

"Consequently, too much soil moisture has been lost under a relatively high temperature and strong winds," SDPH officials said.

Conversely, snowfalls ranging from 15 to 80 millimetres have moistened farmland south of the Yangtze River over the past few weeks.

In the north, Hebei is facing the worst drought, as there has been only 1-3 millimetres of precipitation this winter, or 80-90 per cent less than in previous years.

In Shandong Province, one of China's major grain and cotton producers, about 1.9 million hectares of crops have been affected by the drought, as an average of only 5 millimetres of precipitation was recorded since last December.

Similar situations were also reported in the western parts of Northeast China's Heilongjiang, Liaoning and Jilin provinces.

The drought is so serious that the Yellow River, the second longest in China, dried up in a few sections on the lower reaches on February 27, 17 days earlier than last year, SDPH said.

To fight the drought, local authorities have taken various measures, such as improving their irrigation facilities damaged by last summer's floods and constructing new ones to irrigate crops and farmland in the upcoming weeks.

So far, more than 1 million hectares of crops, or 17 percent of the total affected farmlands have been irrigated in Shandong, Henan, Hebei, Shanxi and Shaanxi provinces.

In the south, a normally dry climate that can impact negatively on farming in Jiangsu, Anhui, Zhejiang, Fujian and Guangdong has been largely alleviated by this winter's abnormally heavy snow and rain, according to the SDPH report.

•PRC: Alternative Scenarios for Grain Reform Viewed

96CE0142A Beijing ZHONGGUO NONGCUN JINGJI [CHINA'S RURAL ECONOMY] IN Chinese No 11, Nov 95 pp 11-14

[Article by Tang Renjian (0781 0088 0256), deputy director of the Policy and Legislation Department, Ministry of Agriculture: "Grain Policy Reform: Sticking Points and Goals"]

[FBIS Translated Text] 1. Foreword

Various indications suggest that a new grain crisis is underway in China. Some basic facts are that in the nearly 10 years since 1985, the country's overall grain output capacity has hovered between 425 and 450 million tons; the market price of grain has risen steadily; and in order to hold down grain prices, the government has used market methods (in 1993, 98 percent of counties and cities deregulated grain procurement and sale prices), and curbs or planning methods (in 1994, it increased plan regulation and control of grain procurement and marketing), all for seemingly little effect.

This new Chinese grain crisis differs from previous ones. Although one cannot say that government grain market policy is entirely rational, at least it has improved to a very great extent. Even though the government increased plan regulation and control of grain procurement and marketing in 1994, the starting point for, and the level of plan regulation and control fully simulated market factors. Thus, the peasants are fairly content. Therefore, the new round of grain problems

stems mostly from within agriculture and from the agricultural structure, i.e., the structure of agriculture does not meet the needs of the market system and modernization of the national economy. The new grain problems are far more widespread and run far deeper than before. Clarification of the complexity and difficulty of these problems can help zero in on the next step in grain policy reform.

2. Sticking Points in Reform

(1) How To Avoid an Outflow of Grain Resources During the Middle Stage of Industrialization

In China, where the rural villages can provide an endless supply of manpower, land and money are the main factors affecting grain production. Six of the indicators in the Qiannali and Saierkun 10 indicator system for estimating China's level of economic development—namely savings, investment, private consumption, industrial structure, primary products and industrial manufactures trade, and health indicators reach or exceed a per capita GNP of \$1,000. When they enter the zone between \$800 and \$2,000, economic growth incontestably is in the middle stage of industrialization.

Our analysis of five industrialized countries during this stage, namely, the United States, the UK, France, Germany, and Japan, shows that during industrialization, agriculture (mostly grain) exhibited a trend toward stagnation or even contraction in every case, nor can China easily escape this trend completely. However, China's situation suggests that it has to strive to avoid this trend to a very great extent. This is because, first, China's population is too large and its grain consumption too great to make up a shortfall easily through international market imports. Second, China's industrialization is possible only through the accumulations realized from the development of domestic agriculture. It has no resources abroad that it can use and, for various reasons, the importation of foreign capital is also very limited. Therefore, China cannot afford a stagnation, much less a contraction of grain production.

How can stagnation or contraction of grain production be avoided? For China, the optimum strategic choices are as follows: moderate slowing of the pace of industrialization while doing all possible to widen the opening to the outside world, pursuing a "shadow boxing" style development course of strengthening domestic agriculture to provide more accumulations of our own for the steady development of industry.

The problem lies in their source and how to hold fast to this course. Of course, this can be done only with help from the government and effective government intervention, and the Chinese Government faces three obstacles in doing this:

One is the input-output ratio of state-owned industrial enterprises is too low; waste of resources is severe. Second, the government itself is the representative of assets owned by the whole people; thus, it is still responsible for maintaining and increasing the value of assets owned by the whole people. In their actual planning and distribution of assets, governments at all levels and government agencies concerned, consciously or unconsciously, favor others over agriculture. Third, the traditional interest structure is extremely well entrenched. By "collecting more" (taxes) or "giving less" (subsidization) to vested interests, government runs very great economic and even political risks.

In short, during the middle period of industrialization, China cannot afford stagnation of grain production; government must provide a fairly high level of protection. At the same time, government is hard put to do much in the way of protecting grain output. This contradiction is the first problem that reform of China's grain policy confronts.

(2) How To Raise the Grain Output Labor Productivity Rate

A Chinese peasant household has less than 0.6 hectares of land to farm. This is a classic small scale agricultural economy characterized by "small scale, high costs, and low returns." The competitiveness of agriculture on this scale cannot be mentioned even in the same day as the scores or hundreds of hectare agriculture of every farm in Europe and the United States. Someone in China estimated that at the present scale, if industries other than agriculture grow at an annual average 10 percent for the next several years (until 2000), and agricultural output grows at the same time, the percentage of the agricultural population declining to 45 percent, and with no increase at all in prices of industrial goods, in order for per capita earnings in agriculture and in industries other than agriculture to be equal, grain prices will have to increase nearly fivefold (even higher than grain prices in Japan today). Obviously, this is not possible. Furthermore, the most fundamental problem that expansion of the scale of grain farming encounters is where the surplus agricultural manpower, which currently numbers 120 million and will number nearly 200 million by the end of the present century, will go. The writer feels that the most fundamental reason for stagnation or slower increase in China's grain output will be passage beyond the "grain ration agriculture stage," in grain production in China (during which peasant household production will lack choices).

(3) How To Foster a Unified Grain Market Nationwide

In view of the vastness of China and its limited power, there is no choice but to stress a "regional balance" strategy for grain production, and a provincial governor responsibility system. Although the "provincial governor responsibility system" requirement for "each jurisdiction to seek balance" is not the same as "self-balance," "seeking balance" will very likely become "self-balance" for the following two reasons: Total grain supply and demand nationwide at present, and for a fairly long time to come, will be in close balance. Second, even though the fiscal contracting system has replaced the system of dividing tax revenues, the risk costs of local grain balance still must be borne largely by local treasuries (the grain risk fund that the central government has established for local jurisdictions provides only a small allowance). Of course, we also note that the "governor responsibility system" also forces some grain buying areas to invest in the building of their own production bases in grain producing areas, but this is limited only to grain buying areas in which the grain shortfall is very great. Furthermore, how to avoid embargoing by producing areas and their contentment with satisfying only their own needs remain unsolved problems.

(4) How To Build a Grain Farming Organizational System That Not Only Protects the Peasants' Interests, But Also Effectively Carries Out Government Macroeconomic Regulation and Control Plans

Internationally, nonprofit professional associations and cooperatives have been successful for the procurement and marketing of staple farm products like grain. Since such organizations are under the direct control of producers and serve them, and serve no independent departmental interests per se, they can effectively improve peasant households' ability to make their own decisions and their market competitiveness. In addition, since they serve no departmental interest, in addition to which they are fairly highly organized, this kind of organization can accept government macroeconomic regulation and control plans in a rational and regular way, and even exercise certain special operating rights. (For example, The Australian Wheat Board and Barley Board, which are cooperative organizations in character, monopolize domestic and foreign grain dealings. They are efficient, and they effectively protect the farmers' interests). Consequently the peasant's interests ultimately gain maximum protection. Historically, there has been no shortage of peasant cooperative organizations in China. The problem is that such organizations later became official or semi-official commercial organizations. After many years reform, the flexibility of supply and marketing cooperative operations increased greatly, but problems concerning their mass character and the democratic character of management have never really been solved.

Today, most of them are purely commercial business organizations that make their own operating decisions and are responsible for their own profits and losses, but they remain detached from the peasants' interests. Although state-owned grain enterprises are best able, in theory, to represent the government's will, actually, since they are enterprises of a profit making nature, the policy function they perform for the government in regulating markets is usually secondary to their business function of making as much profit as they can. This being the case, the stronger supply and marketing cooperatives, and state-owned enterprises are, the more seriously the interests of the peasants are exploited. Moreover, fostering new cooperative peasant organizations not only takes time, but such organizations are also likely to encounter opposition and unfair competition from traditional organizations. In 1994, the Chinese Government made supply and marketing cooperatives independent of the government, setting up a nationwide supply and marketing cooperative agency, but this still did not solve the "hand raising" mechanism problem (in which each level democratically elects the supply and marketing cooperative director). In 1995, the Chinese Government further decided to institute a "two lines" operating mechanism for state-owned grain enterprises (meaning a separation of policy functions and business functions), but numerous difficulties remain in how to truly separate the two functions. One such difficulty is that, conditions being what they are in China (lack of state-owned enterprise norms, undeveloped credit relationships, and difficulty supervising enterprises), it was inadvisable for the government to adopt mostly an "agent system" to regulate and control grain markets. It should mostly adopt the establishment of legally prescribed government regulation and control organizations that have no profit motive, that have a system of their own, and that are officially or semi-officially run. However, reform of the existing "two lines" operating mechanism did not set up a policy and organizational system consistent with the above requirements. Another difficulty is how to deal with the several billion yuan renminbi grain sale "suspense accounts" that the traditional system produced. This remains a thorny problem that may well continue into the next century.

It should be noted that ability to construct an independent government grain regulation and control organization has a direct bearing on whether China's grain procurement and marketing system can really be made a part of the market economy. This is because the key to the Chinese Government's direct fixed procurement of 50 billion kilograms of grain from the peasants instead of limiting fixed procurement only to special reserve grain (equivalent to a buffer reserve internationally) lies in whether the amount of reserve grain that the govern-

ment calls for is a firm figure, or whether the amount can be adjusted without arousing concern. (Actually, the government needs to control only approximately 25 billion kilograms of grain a year as a special reserve for use in regulating the grain market. This point is discussed later.) The problem of whether the figure can be adjusted without concern clearly stems from the government's lack of a truly reliable rational regulation and control organization. Clearly reform of the state-owned grain enterprise "two lines" operating mechanism has far reaching significance.

(5) How To Deal With the Impact on Grain Markets of China's Entry Into the World Trade Organization [WTO]

China entered the "high priced agriculture" stage long ago. Statistics for the first half of 1995 show that domestic market prices of virtually all kinds of grain are already higher than the international market price by an average of between 30 and 50 percent. The excessively small scale of production is clearly the reason. After entering the WTO, China will certainly allocate a certain grain market share to foreign countries. No doubt, however, this share will also be limited. How to set the proportion in accordance with WTO regulations to allow a profit for foreign countries while simultaneously protecting rationally and legally the rights of China's small and weak grain producers is a rather complex strategic matter requiring solution.

3. Reform Goals

Here the writer mostly provides some thoughts about mid-term (around 2000) reform of the grain procurement and marketing system for which reform is most difficult. There are three stages:

(1) Government Protection of Fixed Grain Procurement at 50 Billion Kilograms, Gradually Raising the Fixed Procurement Price

The advantages of this methods are as follows: The government can get control over a substantial amount of grain, and if the price is fair, the peasants can make a direct and rapid profit. The problems are: (1) Ownership rights to fixed procurement grain are not clear, and this leads to a large amount of "lease seeking" for farming. Even though the government has made clear that the central government has ownership rights to fixed procurement grain, and that local governments have use rights, just who ultimately assumes responsibility for paying the risks costs for this grain remains unclear. Although the government sets the price for this grain, by rights the national treasury should be completely responsible should market risks occur (including payment of business costs and interest). The government has largely

ridded itself of this burden since 1993. Although state-owned grain enterprises have replaced the government to a considerable extent in assuming market risks for fixed grain procurement, they also do all possible to obtain reimbursement. For example, they sell a substantial amount of fixed procurement grain at a high price to individual and private operators. This explains why it is that although state-owned grain enterprises control an overwhelming amount of market grain, an overwhelming amount of the grain that consumers consume comes from individual and private operators. As another example, most of the country's large and medium size cities have revived the use of ration books and ratio coupons, but some residents frequently do not buy the restricted price grain to which they are entitled, or they do not like the restricted price grain, so illegal dealings in ration books (or coupons) occur. In this process, both consumers and private grain dealers make a profit, but government-owned grain shops lose. Fixed procurement grain is sold as negotiated price grain, and a local fiscal subsidy can be obtained. (2) In most cases, the fixed procurement price of grain is usually much lower than the market price. Consequently, the peasants feel cheated. Government costs in supervising the procurement of fixed procurement grain are also fairly high, so this frequently leads to the closing of grain markets, which pushes the market price of grain to abnormal heights. (3) Keeping the current fixed procurement figure constant results in a constant fairly heavy fixed procurement quota for peasants in existing commodity grain growing areas. This makes it difficult to increase their income by readjusting the agricultural structure.

Therefore, this idea may be a policy choice in which the disadvantages outweigh the advantages that should gradually be reformed, or even abandoned.

(2) Raise the Agricultural Tax Rate and Collect It in Kind, Simultaneously Abolishing Fixed Contract Procurement of Grain

Opinions differ about the specific amount by which the agricultural tax should be increased, but mostly the range is between 25 billion to 50 billion kilograms. (It is currently 11.1 kilograms). The advantages of this proposal are as follows: (1) the state can obtain a substantial amount of grain regularly and without paying for it; (2) the exchange relationship between government and the peasants would be greatly simplified, a great saving of supervision costs realized. The problems are: (1) the peasants tax burdens will increase (with the cancellation of fixed procurement, the peasants will not necessarily obtain a commensurate benefit from deregulation of grain prices); (2) once set, the amount of tax to be paid cannot be readily changed regularly. However, fluctuations in grain output from one year to another

are substantial, but the government cannot readily regulate these fluctuations through taxation; (3) collection of taxes in kind is detrimental to peasant readjustment and optimization of the agricultural structure in some areas.

The above ideas form a plan for future reform of the grain procurement and marketing system that offer choices, but if this plan is selected, it is recommended that the agricultural tax be set at 25 billion kilograms (an amount equal to the present special grain reserve).

(3) Government Controlling Only the Inflow and Outflow of Special Reserve Grain for Market Regulation, Procurement, and Marketing of All the Remainder Being Derogated

China's special grain reserve is maintained at between 25 billion and 40 billion kilograms. This is a very large reserve. The writer feels that maintenance of a grain reserve of between 20 billion and 25 billion kilograms is enough. This is because, first, the approximately 300 million tons of grain that China's 900 million peasants consume, peasant households keep on hand for their own use. The government does not need to provide a reserve for them. Second, in most grain producing areas of the country, two, or even three, crops are grown each year, so any grain shortage lasts for only half a year at most. Third, in the more than 40 years since founding of the people's republic, the normal fluctuation in average grain output has usually been no more than between 10 billion and 15 billion kilograms. Fourth, for many years the net grain shortfall among China's provinces has generally been no more than 15 billion kilograms. Fifth, the "buffer reserve" that the UN Food and Agriculture Organization deems correct for a country is 5 percent. In China, this translates into approximately 22.5 billion kilograms of grain. However, in view of the vast size of China, and the extreme unevenness in supply and demand for grain between one region and another, as well as the embargoing between regions that sometimes occurs, the special reserve might be moderately increased to around 25 billion kilograms. Inasmuch as there is an inflow and an outflow, recycling and turnover of the reserve, the amount of grain that the government purchases in net intake years should be much less than the size of the special reserve, the amount to be set on the basis of the harvest each year. Even 10 billion jin would be several times less than the present 50 billion kilogram fixed procurement. The question is whether the government can regulate the grain market solely by taking in and releasing special reserve grain. This depends on whether the government has an established, strong, and reliable reserve regulation and control organization. If it has, a special reserve of between 20 billion and 25 billion jin is not bloated, and it can be brought into play extremely

quickly and effectively. Of this there is no doubt at all. Today, and for a fairly long time to come, the government will be able to deal with any grain market fluctuations. Conversely, if the government does not have, or does not have a soundly build system of this kind, this idea holds a certain amount of risk. Therefore, an essential precondition for this plan is that along with the transformation of government-owned grain enterprises, the government must build an independent and complete grain reserve regulation system as quickly as possible.

Under this idea, the collection of the agricultural tax in kind may be looked at in two ways: One is maintaining the present amount without change, grain collected in payment of taxes transferred to the special reserve (more grain being purchased during in-take years), or to a strategic reserve. The other is to reform the existing agricultural tax system, abolish the agricultural tax, and collect a land tax and a products tax (or value added tax) instead.

The writer favors the third idea over the second idea above.

***PRC: Increase in Agricultural Loans Predicted**
96CE0133A Beijing JINGJI RIBAO in Chinese
12 Jan 96 p 2

[By staff reporter Mei Shaohua (2734 4801 5478): "Procurement Funds Were Appropriated in Good Time Last Year, Agricultural Loans Are Expected To Increase Remarkably This Year—Interview With Zhu Yuanliang, President of China Agricultural Development Bank"]

[FBIS Translated Text] China Agricultural Development Bank, founded in 1994, is a state-owned policy-oriented bank which is to exclusively serve agriculture and the rural economy. In 1995 we had a gratifying bumper grain harvest nationwide. Now that we are in another procurement season, how is it going with the supply of procurement funds? While trying to prevent drain of procurement funds, how are we going to ensure that the peasants will receive no "IOU slips"? How are we going to develop a benign cycle regarding the flow of procurement funds for grain and sideline products? What is the Agricultural Development Bank going to do to increase policy-oriented agricultural loans during the Ninth Five-Year Plan, and especially in 1996? With all these questions in mind, this reporter had an interview days ago with Zhu Yuanliang, president of Agricultural Development Bank.

As everyone knows, one cannot boost agriculture and the rural economy without putting in funds. So, how well has the Agricultural Development Bank, as a state-owned policy-oriented agricultural bank, been doing in

extending policy-oriented credit in support of agriculture since 1995?

Zhu Yuanliang said the Agricultural Development Bank deals in agricultural loans for the purpose of policy enforcement. By 20 December 1995, the Agricultural Development Bank's total amount of lending had reached 450.97 billion yuan, an increase of 94.54 billion yuan over the end of the previous year. This total amount of lending breaks down as follows: loans for procurement of farm and sideline products, 418.77 billion yuan, an increase of 85,552 million yuan over the end of the previous year; loans granted to finance developmental agriculture projects, 30,292 million yuan, an increase of 7,521 million yuan; other types of loans, 1,907 million yuan, an increase of 1,469 million yuan.

President Zhu added that the extension of policy-oriented loans by his bank last year showed two marked characteristics. First, the size of loans grew fast, and the total supply of loans was large. Full consideration was given to agriculture as a priority when the credit scale was set. All types of special loans and those granted to aid impoverished areas increased by more than 20 percent over the previous year. By the end of 1995, the amount of loans for procurement of farm and sideline products granted by the Agricultural Development Bank had totaled 90 billion yuan. Second, the time for different special loans to reach their planned size and for them to be paid out was both, on the average, 1-2 months earlier as compared with the case in the previous year, and both the social benefit and economic efficiency generated by the loans have been remarkably improved.

Talking of the supply of procurement funds in 1995, President Zhu gladly noted: As from 1995, a responsibility system by department and by level under government control has been applied to the supply and management of funds for procurement of grain, cotton, and edible oil, and the general objective is to stop the practice of paying the peasants with "IOU" slips while preventing procurement funds from draining away. Since the Autumn harvest last September, the Agricultural Development Bank's branches and their agencies throughout the country have been, on the one hand, assisting local governments in sharing out and assigning fund supply quotas among different departments and, on the other, appropriating funds in good time according to the progress in procurement, and improving fund management, with a view to ensuring that the funds that are to be paid by Agricultural Development Bank will be appropriated in full and in good time. A survey conducted in Sichuan, Xinjiang, and eight other provinces and regions shows that Agricultural Development Bank was due to appropriate a total fund quota of 42,529 million yuan by the end of October 1995; it actually outlaid 42,925 million

yuan by then, thus overfulfilling the quota to 100.93 percent.

Zhu Yuanliang stressed that a remarkably good job was done in the management of procurement funds last year, with the supply of funds basically ensured, an initial success achieved in stopping procurement funds from draining away, and the reasonable expenses kept under control in such a way that they were growing in pace with the increase in both the amounts of loans granted and funds available. All these positive changes were mainly due to the following reasons: First, the party central authorities and the State Council have attached great importance to the financial work related to agricultural policies. With the focus on developing a benign cycle in the flow of procurement funds for grain, cotton, and edible oil, they introduced a series of new policies, and set forth the guideline to "prohibit the practice of paying the peasants with 'IOU' slips and prevent procurement funds from draining away" while implementing "three principles." Second, governments at all levels and all departments concerned have set great store by the policy formulated by the party's central authorities and the State Council, conscientiously implemented the guideline as laid down in the "two remarks," and strongly supported and taken the initiative in cooperating with Agricultural Development Bank. Branches of the People's Bank at all levels, in particular, have given strong support to Agriculture Development Bank. Third, the vast number of cadres and staff members of Agricultural Development Bank have made concerted effort, resolutely implemented the policy, worked hard to overcome difficulties, and taken the initiative in doing a good job. Fourth, all the agencies of the bank have done a lot of practical work in properly managing and appropriating loans for the procurement of grain, cotton, and edible oil.

The "Proposal" adopted by the Fifth Plenary Session of the 14th CPC Central Committee, which was held a short while ago, put forth two tasks regarding the development of agriculture and the rural economy in this country during the Ninth Five-Year Plan: first, to ensure a steady growth in the output of grain, cotton, and edible oil as major farm and sideline products, to make sure that the country's total grain output will reach 980 billion jin by the year 2000, and to strive hard to raise it even higher to 1,000 billion jin; second, to ensure the peasants' income will increase pretty fast and they will enjoy a well-to-do living standard, while striving to basically resolve the problem of ensuring sufficient supply of food and clothing to the 70 million population who are still living in poverty at present.

To accomplish these two major tasks, President Zhu said Agricultural Development Bank ought to focus its attention on the following aspects:

1. It is necessary to vigorously increase the size of credit to support the comprehensive development of agriculture and to raise grain production to a still higher level. As far as this is concerned, first of all, it is necessary to expand the loan extension coverage, and increase the supply of loans to the sectors of agricultural production and capital construction. Second, it is necessary to increase the total credit size. During the Fifth Five-Year Plan, it is necessary to vigorously increase the margin of growth in loans for comprehensive agricultural development, and the proportion of this type of loans to the total amount of all loans. Third, it is necessary to optimize the distribution of loans. Stress will be put on major grain and cotton producing areas, and a number of national-class commodity grain and cotton production bases will be built; support will be given to a number of major grain producers; and efforts will be made to further develop advanced techniques to boost grain production. Fourth, it is necessary to strengthen loan management. Methods of project management will be widely introduced to increase the efficiency in the use of funds.

2. It is necessary to strive to develop a benign cycle in the flow of funds for the procurement of grain, cotton, and edible oil. On the one hand, it is necessary to ensure that no 'IOU' slips will be issued, as this is good for safeguarding the peasants' interests and keeping up their initiative in growing grain and cotton. On the other hand, preventing funds from draining away can reduce currency input right away, thus helping to mitigate inflation. Therefore, the Agricultural Development Bank must work really hard to implement those policies and measures that have already been set forth. At the same time, it is necessary to do a good job in studying and dealing with emerging new cases and problems. It is expected that our goal—to gradually standardize the style of management of the funds for procurement of agricultural and sideline products, and to "stop the practice of paying the peasants with 'IOU' slips while preventing procurement funds from draining away"—will be achieved in a few years.

3. It is necessary to give full play to the role of credit as a means to aid impoverished areas, so as to help peasants there do away with poverty and get rich as soon as possible.

Zhu Yuanliang said: In order to ensure stable fund supply, the Agricultural Development Bank must gradu-

ally increase its financing ability in the market, diversify sources of funds, and strive to rely less on the central bank for supply of funds. Specifically speaking, the Agricultural Development Bank is considering the following measures: 1) It may follow some foreign countries' practice, asking commercial banks to set aside a certain portion of their increment in deposits for purchase of bonds issued by the Agricultural Development Bank. 2) "Agriculture-related organizations" that are playing a role in enforcing policies will be required to open accounts with the Agricultural Development Bank, with a view to increasing the Agricultural Development Bank's enterprise deposits. 3) The Agricultural Development Bank will be allowed to raise relatively long-term funds in monetary market at home and abroad. 4) In the near future, in case of fund shortage, the Agricultural Development Bank still needs the People's Bank to supply funds in the form of re-lending.

President Zhu Yuanliang pointed out: In China, until present, agricultural policy-related financial services are still in their initial stage of development. This being the case, we need to learn from foreign countries' successful experience in operating agricultural policy-related financial services and, in a reformatory and pioneer spirit, make unremitting efforts to develop our own efficient agricultural policy-related financial management and operational system. Our first priority is to adopt some practical measures to further straighten out the relations between the authorizing organization and the authorized agency regarding each other's responsibilities, power, and interests, to establish a mechanism of incentive and control, and to reform and perfect the agency system. Making an appeal, Zhu said: From a long-term point of view and in the final analysis, we should seize this opportunity to set up some necessary subsidiary organizations in major agricultural province. We should, in particular, set up business offices in major grain and cotton producing counties, so that they will be able to run most of the businesses on their own. It is necessary to formulate "The Regulations for Management of China Agricultural Development Bank" as soon as possible, so as to bring the agricultural policy-related financial services under the control by laws. It is necessary to manage credit and funds by economic means, in accordance with the laws of credit and fund management; accomplish a safe and efficient flow of funds, while ensuring high social benefits; and give full play to the role of agricultural policy-related financing, thus providing a strong impetus to the comprehensive development of agriculture and the rural economy.

7 March 1996

East Region

PRC: Anhui Closing 240 River-Polluting Enterprises

OW0503010196 Beijing XINHUA in English
1551 GMT 4 Mar 96

[FBIS Transcribed Text] Hefei, March 4 (XINHUA) — Anhui Province in east China is giving priority to environmental protection, and is closing down 240 enterprises discharging pollutants into the Huaihe and Chaochu river valleys.

Water pollution has become a serious environmental problem in recent years in the Huaihe and Chaochu. To tackle the problem, focus has been placed on the chemical oxygen demand and on closing down polluters, with calls for a 15 percent drop in the COD this year.

Half of all the enterprises should meet standards for COD control. 12 other mills should attend to the problem within a designated period of time.

In addition, the provincial government will strengthen controls on newly-launched projects in the two river valleys, while licences will be required for large and medium-sized enterprises to discharge pollutants.

In another development, the Henan provincial government in central China has ordered all paper mills with an annual capacity of less than 5,000 tons to be closed down by the end of June.

Located on the upper reaches of Huaihe River, the province discharged about one billion tons of waste water into the river in 1993.

PRC: Fujian Discipline Commission Holds Plenary Session 11 Feb

OW0503153696 Fuzhou FUJIAN RIBAO in Chinese
12 Feb 96 p 1

["Carry Out the Anti-corruption Struggle In-Depth and Effectively To Create a Favorable Environment for Implementation of the Ninth Five-Year Plan — the Provincial Discipline Inspection Commission Holds Its Second Enlarged Plenary Session"]

[FBIS Translated Excerpt] The Fujian Provincial CPC Discipline Inspection Commission held its second enlarged plenary session in Fuzhou yesterday morning.

More than 340 people attended the session, including Jia Qinglin, Chen Mingyi, You Dexin, He Shaochuan, Lin Zhaochu, Zhao Xuemin, Chen Yingguan, Huang Songhu, Liang Qipang, Huang Ruilin, Zhang Jiakun, Yuan Qitong, Wang Jianshuang, Shi Xingmou, Wang Liangpu, Tong Wanheng, Pan Xincheng, Huang Xi-

aojing, and Jin Nengchou, leaders of the provincial party committee, the provincial people's congress, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference. Also attending the session were: Fang Zhongbing, president of the provincial higher people's court; Zheng Yizheng, chief procurator of the provincial people's procuratorate; leaders of prefectural and city party committees and governments; secretaries of county, city, and district discipline inspection commissions; directors of county, city, and district supervision bureaus; responsible comrades of the leading party groups in departments that are directly the provincial authority; and responsible comrades of the anticorruption office and various coordination groups for special projects under the provincial party committee. Two comrades from the No. 7 Office of the Central Discipline Inspection Commission were also present to give guidance.

In accordance with requirements set by the party Central Committee and the provincial party committee for carrying out an in-depth struggle against corruption, the main task of the session was to review the province's position in this struggle in 1995, and to study and make arrangements for the development of the struggle, the improvement of the party's work style, and the building of a clean and honest government in the province in 1996. [passage omitted]

The session stressed: This year all leading cadres should continue to implement the rules and regulations on integrity and self-discipline that had been laid down since the Second Plenary Session of the Central Discipline Inspection Commission. Cadres should continue to stop people from spending public funds for "eating, drinking, and pleasure-seeking" and to screen and rectify those who use chauffeured sedans against regulations. It is necessary to conscientiously enforce relevant regulations concerning housing for leading cadres. In accordance with arrangements made by the party Central Committee, greater efforts should be made this year to deal with various cases, especially to make a breakthrough in handling influential major cases. The emphasis should continue to be put on cases in which violations of the law and discipline are committed by leading cadres of "three organs and one department [san ji guan yi bu men 0005 2623 7070 0001 6752 7024]" and those at or above the county (or departmental) level. Efforts should be concentrated on investigating and handling cases of corruption, bribery, embezzlement of public funds, tax evasion, illegal procurement of foreign exchange, smuggling, bending the law for personal gain, dereliction of duty, and falsifying accounts. We should rectify unhealthy trends in various departments and trades. While consolidating what we have achieved,

we should continue to check the practice of arbitrarily setting up checkpoints on highways to collect fees or impose fines at will. We should redouble our efforts to stop the arbitrary collection of fees from students in primary and middle schools. We should continue to check the arbitrary imposition of levies and fees on peasants. This session set specific requirements for anticorruption work in 1996.

Jia Qinglin, secretary of the provincial party committee, made an important speech (the text of which is to be published separately) on studying and implementing the guidelines laid down at the Sixth Session of the Central Discipline Inspection Commission, doing a better job in anticorruption work, improving the party's work style, and building a clean and honest government this year. [passage omitted]

At the session, Lia Zhaochu, member of the Central Discipline Inspection Commission and deputy secretary of the provincial party committee, made a report on the guidelines laid down at the Sixth Plenary Session of the Central Discipline Inspection Committee.

Liang Qiping, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, chaired the session and made a work report on behalf of the commission.

PRC: Northern Jiangsu Sees Growth in Residents' Incomes

OW0603020696 Beijing XINHUA in English
0124 GMT 6 Mar 96

[FBIS Transcribed Text] Nanjing, March 6 (XINHUA) — Over 500,000 people north of the Huaihe River in east China's Jiangsu Province have managed to move above the poverty line thanks to the province's efforts.

In 1994, the number of people living at the poverty line, with annual incomes not exceeding 800 yuan (about 96 US dollars based on 1990 prices), was estimated at two million. Most of them were in an area north of the Huaihe.

The province has pledged to wipe out poverty for the area by the year 2000, and has intensified investment in transportation, energy, and telecommunications to boost economic development in the area.

Construction work on key projects have started, such as the Nanjing-Lianyungang and Nanjing-Xuzhou highways, the Xinyi-Huaiyin railway line, and Tugyu Canal.

Projects for improving water quality, controlling pollution, and improving low-and medium-yield farmland have also been done.

Last year, the provincial government sent groups to ten counties and provided money and materials amounting to 123 million yuan, three times 1993's figure.

Richer cities or counties in the southern part of the province have also paired up with their poorer counterparts in the north to co-operate in economic development.

Zhangjiagang City in the south and Fengxian County in the north, for example, started 24 projects in a five-month period last year, and Wujiang City established several joint ventures in Huaiyin County and has had good returns.

PRC: Shandong To Focus on Corruption in Government in 1996

OW0303002596 Beijing ZHONGGUO XINWEN SHE
in English 0345 GMT 1 Mar 96

[FBIS Transcribed Text] Jinan, March 1 (CNS) — According to Zhao Changfeng, Chief Procurator of the Shandong Provincial People's Procuratorate, anticorruption measures in 1996 would focus on economic crimes in Party and government offices, administrative and judicial organs as well as economic administration departments. Crimes committed by leading cadres above county level would be particularly targeted.

The aim is to combat crime, improve law enforcement and supervision with a view to creating a sound environment for national economic and social development.

Apart from economic crimes, crimes which endanger the establishment of a socialist market economy and the implementation of major policies of reform, favoritism and fraudulent practices by judicial and administrative officers, crimes committed by leading cadres in state-owned units and townships will also be highlighted.

Last year Shandong has had considerable success in its campaign against corruption especially in dealing with heinous crimes of leading cadres with 133 leading cadres at county level and eight at bureau level arrested, an increase of 72.7 percent and 1.7 times respectively compared with 1994.

PRC: Shandong Elects Zhao Zhihao People's Congress Chairman

SK0503143796 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 2 Mar 96

[FBIS Translated Excerpt] Thanks to the joint efforts of all people's deputies, the seven-day Fourth Session

of the Eighth Provincial People's Congress successfully ended at Jinan Zhenzhuquan People's Meeting Hall on the afternoon of 2 March, after satisfactorily fulfilling all items on its agenda. Attending the closing session were Zhao Zhihao, Li Zhen, Ma Zhongcai, Wang Shufang, Miao Fenglin, Guo Songnian, Xu Jianchun, Ma Shizhong, Guo Changcai, Xu Xuemeng, Zhao Linshan, and Wang Yicheng, executive chairmen of the session or executive members of the session's presidium. Ma Zhongcai presided over the session, which was attended by 872 deputies.

The session first endorsed the namelist of the ballot supervisor-in-chief and ballot supervisors. Through the ballot voting, Zhao Zhihao was elected chairman of the Provincial People's Congress Standing Committee; Wang Weitian was elected vice chairman of the Provincial People's Congress Standing Committee; Chen Kangfu was elected vice governor of the provincial government; and (Wang Dagang), (Wang Guangxian), (Chen Jiying), (Zhu Guanxing), (Du Xiangrong), (Li Deqiang), (Cheng Kai), (Tao Yunjiang), and (Pan Qidong) were elected members of the Provincial People's Congress Standing Committee. The session also endorsed the decision to appoint Guo Songnian director of the Legal Committee of the Eighth Provincial People's Congress.

Then the session endorsed the resolution on the Outlines of Shandong's Ninth Five-Year Plan on Economic and Social Development and the Long-Term Target for the Year 2010 and the report on these outlines, the resolution on implementation of Shandong's 1995 economic and social development plan and the 1996 plan, the resolution on implementation of Shandong's 1995 financial budget and the 1996 provincial-level financial budget, the resolution on the work report of the Provincial People's Congress Standing Committee, the resolution on the work report of the Provincial Higher People's Court, and the resolution on the work report of the Provincial People's Procuratorate.

Zhao Zhihao, secretary of the provincial party committee and the newly-elected chairman of the Provincial People's Congress Standing Committee, delivered a speech at the session. He said: In recent years the province has achieved great results in the work of the Provincial People's Congress Standing Committee, and has taken the lead in many fields across the country. This is inseparable from the joint efforts of all people's deputies and all comrades of the Provincial People's Congress Standing Committee.

Zhao Zhihao pointed out: The people's congress system is a fundamental policy and system of our country. The Provincial People's Congress Standing Commit-

tee shoulders extremely important duties, and its future tasks will be very arduous. Zhao Zhihao said: I will certainly live up to the expectations and heavy trust placed on me by fellow deputies and by the people throughout the province. I will also earnestly perform the functions and powers entrusted in me by the Constitution and the law to constantly strengthen the building of socialist democracy and the legal system and administer the province according to law by closely centering on the general task of reform, development, and stability. I will do this together with all vice chairmen and Standing Committee members of the Provincial People's Congress, under the leadership of the provincial party committee, and under the guidance of the Theory of Building Socialism With Chinese Characteristics and the party's basic line and principles, with a view to making positive contributions to bringing about and ensuring smooth implementation of the province's Ninth Five-Year Plan. [passage omitted]

PRC: Some 1 Million Shanghaiese Seeking Employment

OW0603141296 Beijing ZHONGGUO XINWEN SHE
in English 0343 GMT 6 Mar 96

[FBIS Transcribed Text] Shanghai, March 6 (CNS) — During the current Ninth Five Year Plan the problem of surplus labour will be worse in Shanghai where some one million locals have to seek employment.

The labour force will grow by 240,000 during the five-year plan. An estimated 600,000 workers will be made redundant as the result of a changing industrial environment and the establishment of a modern enterprise system. Presently there is some unemployment in Shanghai including those peasants who are seeking work consequent upon their land being requisitioned as well as the volumes of migrant workers that pour into the municipality. Some one million job seekers are therefore expected to be added to the labour force.

News reports say that Shanghai will adopt measures to see that these people could find work. Some will be absorbed by existing enterprises. Help will be offered to job seekers seeking new spheres of endeavour. These measures will help most unemployed and those made redundant to return work. Redundant workers, who are young and stand a better chance of re-employment are encouraged to seek for a job on their own. As for women in particular the elderly and those suffering from living hardship, special policies would have to be adopted to help them including the establishment of a re-employment fund, the provision of vocational training and guidance as well as consultation services.

PRC: Shanghai 'Must Rely on Support From Other Areas'

OW0603121696 Beijing XINHUA in English
0735 GMT 6 Mar 96

[FBIS Transcribed Text] Beijing, March 6 (XINHUA) — Shanghai's development must rely on support from other areas in China, and it is ready to aid less-developed areas to achieve common prosperity.

Shanghai vice mayor Zhao Qizheng made the remarks here. He is attending the ongoing session of the National People's Congress, the Chinese parliament, which opened yesterday.

As the biggest commercial and industrial center in the country, Shanghai enjoys great advantages in financial, talent, management, and technological resources, Zhao said.

The city intends to set up businesses in some less-developed areas or transfer some plants with technical staff to these areas to assist their economic development, he said.

The main thrust of Shanghai's economic expansion will be toward areas along the Chang Jiang river, he said.

Shanghai will not threaten Hong Kong's status as a financial center in Asia after the colony's return to the motherland, nor does he wish to see its decline as a financial center, he said.

A relatively developed corridor in east and southeast Asia with Tokyo, Shanghai, Hong Kong and Singapore as its major cities today has a quarter of the world's total amount of foreign exchange reserves and its economic growth averages six to seven percent annually.

"These cities may well complement each other even while they compete," he said. "Hong Kong's continued prosperity can only benefit Shanghai."

PRC: Shanghai Targets Telecom as 'A Pillar Industry'

OW0603121596 Beijing XINHUA in English
0732 GMT 6 Mar 96

[FBIS Transcribed Text] Shanghai, March 6 (XINHUA) — This, China's largest metropolis has set the target of making its telecommunications sector a pillar industry during the coming five years.

Emphasis will be put on the fields of digital program-controlled switchboards, multi-media terminals and telecom softwares, as well as optical-fiber, mobile phone, microwave, satellite, data, and video telecommunications.

The sector is expected to generate 20 billion yuan in annual output value in 1997, and as much as 35 billion yuan by the turn of this century.

By then 20 percent of telecommunications items produced in the city will be exported, and the rest will occupy more than 30 percent of the domestic market.

Last year saw the sector achieve more than 12.5 billion yuan in output value, 19 times the 1990 figure, and 160 million U.S. dollars in foreign exchange.

In addition to the municipal government's support, the city has made great efforts to develop foreign-funded enterprises, attracting 350 million U.S. dollars in contractual overseas investment so far.

North Region

PRC: Hebei Governor Views Economic Reform

SK0703050196 Shijiazhuang HEBEI RIBAO
in Chinese 20 Jan 96 p 1

[By reporters Zhang Juanjuan (1728 1227 1227) and Tan Shuying (2905 3219 5391)]

[FBIS Translated Text] The three-day provincial meeting on economic structural reform, held by the provincial government, ended at the Hebei Meeting Hall in the provincial capital on 18 January. Governor Ye Liansong delivered a speech entitled "Positively Promote the Change in Economic Structure and Strive To Make the Economic Structural Reform a Success in 1996."

Attending the meeting were vice city mayors and vice prefectural commissioners in charge of economic structural reform work; chairmen of economic structural reform commissions of various cities and prefectures; responsible persons of the departments concerned directly under the provincial authorities; and responsible persons of some enterprises experimenting with the modern enterprise system.

In his speech, Liansong first affirmed the big breakthrough effected in the province's economic structural reform during the Eighth Five-Year Plan period, that effectively brought about a sustained, fast, and sound development of the economy and made it the best period in the province's history in which the province's economic growth rate exceeded the national average for many years running.

With regard to the economic structural reform in this year, Ye Liansong stressed the need to correctly handling the relations between the change in economic structure and the change in economic growth pattern and making the two promote each other. These two changes should be reflected in all fields of economic

work this year and the years to come and touch upon all the spheres and links of production, circulation, and construction. This is a prominent feature of the difference between the economy during the Ninth Five-Year Plan period and the economy during the Eighth Five-Year Plan period. This is also the fundamental principle that should truly be upheld in doing this year's economic work. The basic demand on economic structural reform is to deepen reform and that of the economic growth pattern is to effect an even faster and better growth rate. They are interrelated and complement each other. In 1996, we must expedite the change in economic growth pattern while accelerating the change in economic structure; establish as soon as possible new mechanisms of enterprise operation, technological progress, and economic operation; and actually strive to achieve better results through an optimized structure, scaled economy, scientific and technological progress, and scientific management.

Ye Liansong pointed out: We should seize focal points, overcome difficult ones, and ensure the fulfillment of reform tasks set for this year. To ensure the fulfillment of reform targets set by the provincial party committee and the provincial government, we should firmly stick to one focal point, attend to four supporting points, overcome four difficult points, and, at the same time, firmly carry out a series of major reforms. This year, we should lay emphasis on the work in the following six aspects: First, we should accelerate the establishment of a modern enterprise system, actually change operational mechanism, and lay a foundation for optimizing an industrial structure and improving economic operation efficiency. The 20-odd large pillar enterprise groups covered by the provincial plan, the 100 superior enterprises, and the 130 enterprises designated to experiment with the modern enterprise system should all accelerate the implementation of the modern enterprise system and should comprehensively and accurately stick to a modern enterprise system featuring clearly defined property rights, clear-cut responsibility and authority, separation of the functions of government from those from enterprises, and scientific management. With economic efficiency as the center, these enterprises should closely link the transformation of operational mechanism with the establishment of a modern enterprise system and should organically integrate enterprise reform, reorganization, and renovation with the strengthening of enterprise management, with the optimization of the state-owned assets distribution structure, the enterprise organizational structure, and the investment structure, and with the support for superior enterprises, the reorganization of the flow of property rights, and the development of enterprise groups so that they can make a breakthrough in making innovations for enterprise systems, changing the mechanism of enter-

prises, and accelerating the development of enterprises. By the end of this year, nucleus enterprises of the 20-odd large pillar enterprise groups and the 30 key enterprises experimenting with the modern enterprise system should initially establish the modern enterprise system; the 100 superior enterprises and the ordinary experimental enterprises should complete their renovation by carrying out the corporate system and strive to attain the demands set by the modern enterprise system by the end of 1997. Second, we should energetically launch the activities of learning from Handan Iron and Steel Complex and accelerate the transformation of enterprise operational mechanism. The experience of Handan Iron and Steel Complex is in agreement with the idea and demand of the two changes and is of universal significance. The State Council has asked the whole country to learn from it, and the province should all the more conscientiously learn from and popularize it. This can bring about huge economic efficiency.

Third, we should vigorously carry out the strategy of establishing large corporations and large groups and should develop and strengthen pillar enterprise groups. Large corporations and groups constitute a major carrier to effect the changes in the economic structure and economic growth pattern. Hence, building large corporations and groups well may promote the two changes even more effectively and may enhance the province's market competitiveness and capability to resist risks. We hope that the 20 key large pillar enterprise groups will be organized, improved, and developed as soon as possible and will be built into the trans-regional and trans-professional groups that are advanced in the system, perfect in functions, standardized in operation, solid in real strength, and strong in competitiveness. Fourth, we should vigorously promote the flow and reorganization of state assets and optimize the development strategy and the layout of the state-owned economy. We should energetically expedite the incorporation of enterprises, reorganize enterprises as corporations, realize the transfer of industries, and make existing enterprises develop toward the direction of high efficiency and high technology through the method of supporting the superior and eliminating the inferior. Fifth, we should decontrol and allow flexibility in small state-owned enterprises and accelerate the development of county economy. In reforming small state-owned enterprises, we should persist in the principle of combining the reorganization and flow of property rights with the change of the enterprise operational mechanism and the perfection of the assets management responsibility system and should promote the reform in line with respective conditions of enterprises. Superior enterprises should strive to enlarge themselves while increasing vitality; the enterprises whose business is about up to the average should strive to invigo-

rate themselves through changing their mechanism, and the enterprises whose assets cannot cover their debts should strive to seek survival by breaking with difficulties. In decontrolling small state-owned enterprises, we must strengthen leadership, carefully conduct organization, conscientiously appraise assets, and carry out standardized operation in order to maintain and increase the value of state-owned assets. Sixth, we should push forward the experiment for the shareholding system in line with the demand of the standard shareholding system. We should make full use of supporting policies defined by the provincial government to accelerate the experiments for the shareholding system, to encourage enterprises with outstanding business achievements to list their stocks at home and abroad, to expand the stock and money circulating scale of enterprises, and to give full play to the function of the shareholding system in raising funds and changing operational mechanism.

By the three supporting reforms, we mean reforming the system on the management of state-owned assets, reforming the social security system, and separating the functions of government from those of enterprises.

By breaking with four difficult points, we mean the whole province should adopt positive measures and explore effective ways to resolve enterprises' difficult problems with regard to heavy debts, excessive work personnel, heavy social insurance burdens, and a poor external environment. As a national experimental city, Tangshan and Shijiazhuang must closely combine the package and coordinated reform with the optimization of the capital structure. Other cities and prefectures should also make positive explorations for accelerating the pace of reform. This year, when evaluating the reform work of various cities, prefectures, and enterprises, we should mainly see whether they have made obvious progress in resolving difficult problems for enterprises. While grasping focal points and breaking with difficult points, we should also pay attention to carrying out a series of major reforms in the fields of finance and taxation, banking, planning, investment, money-lending, foreign trade, circulation, distribution, and rural areas as well as the reform of the export-oriented economic structure and housing system. We should rapidly implement the strategy of "bringing along economic development by opening the areas around Bohai Bay and around Beijing and Tianjin to the outside world," the strategy of winning victory through good quality, and the strategy of "diversification of export." We should simultaneously attending to the development of foreign trade, foreign economic relations, and foreign capital, with export as the guide. We should rapidly carry out the province's policies on housing reform, speed up the selling of public houses, accelerate the commercializa-

tion of houses, establish a stable money-lending channel for ensuring the investment in house construction, and recover a huge amount of funds in order to gradually establish a new mechanism of the favorable cycle in house construction.

Ye Liansong said in conclusion: Doing well the economic structural reform this year is of great significance in consolidating and developing the major achievements scored by the province during the Eighth Five-Year Plan period and in making a good beginning for the economic work during the Ninth Five-Year Plan period. Therefore, party committees and governments at all levels must enhance their understanding of the importance of the economic structural reform. All leading cadres should seek truth and engage in practical work, renounce empty talks, and promote all reform measures in a down-to-earth manner. All departments concerned should closely coordinate with one another to constantly push forward the province's economic structural reform.

Northeast Region

PRC: Heilongjiang Governor Discusses Financial Work

SK0703061496 Harbin HEILONGJIANG RIBAO
in Chinese 27 Jan 96 p 2

[Report on speech given by Tian Fengshan, governor of Heilongjiang Province, at the provincial financial and taxation work conference on 26 January: "Dedicate Efforts To Promote the Two Fundamental Changes Through Financial and Taxation Work"]

[FBIS Translated Text] In the past five years, everyone put in extreme efforts and created a good start for the accelerated economic development of the province. In particular, our GDP increased by 9.5 percent last year and our total industrial output value increased by 16.2 percent over the previous year. Our grain production also reached 51.85 billion jin, which was the highest on record, despite severe calamity. All of this has laid a solid foundation for the implementation of the Ninth Five-Year Plan and the Long-Term Targets for 2010. However, we must be aware of the numerous problems and difficulties that exist in the economy and in daily living. For instance: the foundation of the agricultural industry and the ability to fight calamity are weak; many of the state-owned enterprises are still financially strapped and have ceased production completely while some are operating at half capacity, so that some workers are living under harsh conditions; and the economic environment still awaits further improvement. Facing these problems, the provincial party committee and the provincial government have conducted a lot of research and studies. The problems are believed to

be caused by the failure in controlling the deep-rooted contradictions such as the ones incurred in the systems and the structures. There are also problems caused by the economic growth model which emphasize extending quantity expansion and extensive management. It is imperative to take the fundamental changes in the economic system and economic growth model as the important guiding principle for the provincial economic tasks and the long-term strategic duties.

Realizing the "two fundamental changes" is the basic step towards revitalizing the provincial economy as well as the provincial finance. The comrades in the finance and taxation departments must adhere firmly to this principle and take the job of promoting the two fundamental changes as the focal point and end result for all our tasks.

1. Concentrate on promoting reforms on the economic system by focusing on large and medium-sized state-owned enterprises, and accelerate the establishment of the socialist market economic system. Deepening reform of the economic system is a basic step and an important measure for transforming the economic growth model and the tasks for reforming the economic system rely on large and medium-sized enterprises following through. Thus, we must take the work of promoting the reform on large and medium-sized state-owned enterprises as an important financial task. Efforts should be directed at making breakthroughs in resolving problems regarding upgrading machinery, establishing a system, increasing capital, reducing debt, mergers, and bankruptcy, etc., for the pilot enterprises in the modern enterprise system. The method of focusing on providing subsidies should be adopted to bring out the mobilizing effects of the 50 influential large and backbone enterprises. Effective measures must be adopted to seriously resolve the two significant problems, the historical burdens and the huge deficits of the state-owned enterprises. In order to resolve the problems inherited from historical factors, management of state-owned assets should be strengthened and current assets should be reorganized. In carrying out these tasks, enterprises with good performance should be encouraged to merge enterprises with poor performance; bankruptcies of enterprises should be executed in a well planned and orderly manner; the "allocation" funding structure of certain trades, such as water resources, power, military, and coal industries, should be replaced by state investment according to the national uniform requirement; and the loan structure reorganization among enterprises should be encouraged. Through the adoption of the aforementioned measures, efforts should be made to increase capital resources for enterprises and to obtain a more reasonable liability ratio. Reducing deficit and increasing surplus should be an

important context in enterprise reform development. Focus should be placed on resolving the problem concerning the elimination of deficits in over 1,000 enterprises in small and medium-sized cities. Measures including comprehensive administration and revitalizing by categories should be adopted to resolve the problems for each enterprise one at a time. When dealing with enterprises which incurred deficits due to lack of capital and operating under capacity, capital should be provided to them promptly to help them eliminate deficits quickly. When dealing with products that are not marketable, assistance should be provided to dispose of their stock, to ease up the capital tied up on the stock, to readjust the product structure, and to explore new markets. When dealing with trades with serious difficulties, assistance should be provided to help them to diversify their business, develop substitute industries, and divert redundant staff. When dealing with deficits caused by poor management, assistance should be provided to help them develop a better state-owned enterprise financial system, establish an improved mechanism for internal control and accounting supervision, grasp management audits, and gradually eliminate deficits for losing enterprises.

2. Increase the support for agricultural industry, promote the industrialization process, and accelerate the construction of a strong agricultural province. All levels of the financial department should increase their support to agricultural industry according to the overall plan of the provincial party committee and the provincial government. Investment in agricultural industry should be increased by all means and methods. The amount of financial expenditure allocated to agricultural expenditure should be guaranteed at 2 percentage points higher than the increase in total financial expenditure. Most of the local financial reserves should be spent on the agricultural industry. Policies should be applied to attract more financial resources from the society to invest in agricultural industry. Funding should be raised through multiple channels to support comprehensive agricultural development. The special household approval and allocation system and the linking system for capital appropriation and capital distribution must be established and implemented. The problem concerning improper distribution of funds must be resolved earnestly. All these will guarantee sufficient and prompt distribution of funds to special agricultural projects. The administration method of subsidizing interest payments on loans should be further improved and measures should be stepped up. Hence, the financial and interest subsidizing functions can be brought to the fullest play. The utilization of the balance of funds should be optimized and the financial spending pattern on agricultural expenditure should be further improved. The spending should favor the follow-

ing: the construction of agricultural infrastructure with emphasis on improving production conditions in agricultural industry, particularly in irrigation projects and the purchase and overhaul of heavy farming equipment; the industrialization of the rural economy by providing continuous assistance to the 22 model counties which participated in the "one product per county" project and focus on supporting the local leading enterprises which rely on the local superior resources conditions, so that trans-district conglomerate operating style can be realized gradually; and the revitalization of agriculture through science, technology, and education, with emphasis on supporting new product development, promoting new technology, and improving services by promoting the construction of the before and after production service system.

3. Further foster and strengthen pillar industries and promote strategic adjustment on industrial structure. The strategic adjustment on the industrial structure is where our hope lies in accelerating the economic development in our province. We must bring out the superior conditions of our province, utilize advance technology to transform traditional industries, and speed up the process of building the 10 major bases, such as the base for producing complete power plant equipment, and the five pillar industries including manufacturing of automobiles. We will carry out integrated transformation, system-oriented reform of companies, and modern management by relying mainly on enterprises with a good track record according to the principle of uniform planning, focusing investment, providing integrated assistance, and joint development. By reorganizing the large quantity of reserve assets through a small increase in investment, a large number of enterprise groups of high technology, good economic strength, and superior market conditions will be formed. Enterprises reorganizing their capital structure with many methods should be energetically supported by the financial department. The capital required for important enterprises and technology upgrading projects must be warranted by all means. In 1996, financial investments in technology upgrading should be maintained at 150 million yuan. A proportional increase is also expected in every year that follows. The capital for subsidizing interest payments on loans should be actively raised. The interest subsidizing method can be used to help enterprises get larger loans and induce as much enterprise capital and idle funds from the society as possible. All means and methods should be adopted to find more ways to raise funds for basic construction projects. Funds borrowed and raised from banks, from other provinces, and from foreign capital should be used more effectively. In order to guarantee the returns on investment in the planned technological transformation and basic construction projects, fi-

nance department must get involved at an earlier stage. The department should take an active role in examination, evaluation, and approval of each project. Projects requiring large investment, long work periods, and low returns will absolutely not be allowed.

4. Support the development of the nonstate-owned economy in a more effective way, and nurture the financial economic growth point. We have been energetically exploring the "second battle front" for economic development. The nonstate-owned economy and tertiary industry have developed in leaps and bounds. Their contribution to the provincial economic growth rate reached 60 percent last year and this is merely the beginning. They have enormous potential. As a result, the fifth session of the seventh provincial party committee declared that the development of the nonstate-owned economy and the tertiary industry is one of the important strategies for the Ninth Five-Year Plan period and until the beginning of the next century. Support should continue to be given to township enterprises to increase the scales, to improve the standards, and to move to a higher level. In the financial budget, the amount of capital increased for the development of township enterprises is guaranteed to be over 15 percent every year. The provincial government policy of spending taxes collected from the "collect first and refund later" program, the 1 percent finance, and the newly increased taxes of 48 percent on the development of township enterprises, will continue during the Ninth Five-Year Plan period. At the same time, inspection and supervision should be reinforced to remove all obstacles and to ascertain the implementation of this policy. The privately owned science and technology enterprises should be strongly favored. The special fund set up to assist the development of these enterprises should be increased year after year based on the 6 million yuan allocated last year. The nonstate-owned enterprises should also be encouraged to upgrade their technologies the same way as the state-owned enterprises by raising funds through different ways such as investment, selling shares, operating by contracts, and trust operations, etc.. Then, a number of large and medium-sized enterprises owned by many investors will be created. The state-owned enterprises should be encouraged and assisted in utilizing extra space, factories and equipment to develop diversified businesses and to operate a "second workshop" or tertiary industry. Preferential policies toward foreign invested enterprises should continue to be executed so as to secure and develop the existing foreign invested enterprises and further induce foreign investment. The development of tertiary industry should be energetically supported. The focus in the coming period should be placed on the construction of market system and the development of tourism. The de-

velopment of basic constructions such as transportation and communication should continue to be accelerated.

5. Implement the policy of "revitalizing the province with science, technology, and education" seriously; promote a close match for science, technology, education, and economics; accelerate the commercialization of science and technology; speed up the industrialization of new and high technology. During the Ninth Five-Year Plan period until the beginning of the next century, the provincial party committee and the provincial government have decided to implement six major scientific and technological system projects which include an overhaul of the traditional industries, industrialization of the new and high technology sectors, modernization of agricultural industry, modernization of economic information system, social development, and the program to train more talented people for the new century. All levels of financial department must support these projects energetically. The expenditure allowed for science and technology development should maintain a steady increase based on the 60 million yuan budget established last year. The budget will be used to promote further development of the science and technology systems and the adjustment of the structure of personnel. The expenditure for the three science and technology projects such as scientific research, testing, and new product development, will be increased by 15 percent every year from now on. The expenditure allowed for the 18 projects such as the one that induces foreign intelligence, the "spark project", and the "torch project", etc., should be increased steadily. Also, new specific funds should be added for new items based on actual needs and availability of capital. The project of constructing an engineering technology center should be supported energetically so as to realize the goal of integrating technology research, testing, and new product development. Due to the lack of strength in the industrialization of new and high technology in our province, it is imperative to inject some cash into Harbin and Daqing new and high technology development zones and into the new technology parks in polytechnics to help them to develop. The strategic position of education should be given financial priority. The "Outline for Educational Reform and Development in China" must be implemented earnestly. Efforts should be dedicated to increasing the investment in education to ensure that the increase in education expenditure is higher than the increase in financial expenditure by 2 percentage points.

6. Work diligently in increasing revenue and reducing expenditure, strengthen the financial situation in localities, enhance the function of macro control. During the Ninth Five-Year Plan period, the country will continue to adopt a "moderately tight" financial policy. The fi-

nancial background of our province is relatively weak. Faced with practical problems such as the numerous factors that cause the revenue to decline and expenditure to rise and the heavy burden of debts, it is very difficult to balance the financial budget. We must not miss any opportunity to expand financial resources, increase financial revenue, and cut all unnecessary expenditure. The emphasis on expanding financial resources are as follows: work hard to increase production investment, optimize investment structure, and revitalize finance by developing the economy so as to transform the financial mode from "merely making ends meet" to a "development style"; deepen financial and tax system reforms, and especially expedite the development and improvement in the local tax system so that local financial revenue can be increased; strengthen the collection and administration of tax so that all collectible taxes are being collected; enhance financial strength at the county level by paying special attention to resolving the problem of helping subsidized counties and thus becoming financially independent so as to ensure that all subsidized counties become financially independent at the end of the Ninth Five-Year Plan period; reinforce the administration of extra-budgetary funds, ensure that all extra-budgetary funds that should be administered by the local financial departments must all be controlled, and put any surplus funds and non-urgent special funds into production first; strictly control expenditure, with a focus on implementing a "zero-based financial budget" enthusiastically; work according to the power of the government and get rid of all burdens that should not be taken by the government as soon as possible; control the buying power of social groups; sternly enforce financial discipline, with an emphasis on resolving problems such as the "two sets of financial records," "small gold reserve," etc., and resolutely deal with behavior that violates financial discipline.

PRC: Heilongjiang Discipline Inspection Commission Meets

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[FBIS Translated Text] The provincial discipline inspection commission held its sixth enlarged plenary session in Harbin on 1 March.

The major tasks of this session are to relay and implement the guidelines of the sixth plenary session of the Central Discipline Inspection Commission, to review and sum up the 1995 anticorruption work, and to study and arrange the 1996 tasks for opposing corruption and improving party styles and administrative honesty.

The session relayed the guidelines of the sixth plenary session of the Central Discipline Inspection Commis-

sion, General Secretary Jiang Zemin's important speech made at the plenary session, and Comrade Wei Jianxing's work report.

On behalf of the standing committee of the provincial discipline inspection commission, Li Qinglin, standing committee member of the provincial party committee and secretary of the provincial discipline inspection commission, made a work report.

Li Qinglin said: In 1995, the province maintained a trend that the anticorruption struggle developed healthily, and made noticeable achievements in implementing the three anticorruption tasks — enabling leading cadres to maintain administrative honesty and be self-disciplinary, investigating and handling major and appalling cases, and correcting unhealthy trends. Last year, the discipline inspection and supervisory organs across the province put 6,833 cases on file, concluded 6,725 cases or 98 percent, and retrieved more than 60 million yuan in economic losses. Meanwhile, 688 sedan cars used by officials in violation of standards were investigated and handled according to regulations. We also made achievements in correcting unhealthy trends, and the work in this regard is gradually developing in depth.

Li Qinglin pointed out: While affirming the province's achievements in the anticorruption struggle, we must clearly understand that the achievements in this regard have not been well consolidated and that some deep-rooted corrosive problems have not effectively been eliminated. So, the anticorruption tasks are still arduous. In 1996, our province should further solidly, deeply, and effectively oppose corruption and improve party styles and administrative honesty; realistically expand the dynamics of the work in these aspects; and make a breakthrough in firmly investigating and concluding major and appalling cases, checking unhealthy trends, and improving party styles and administrative honesty so as to make a good start and create a good environment for implementing the Ninth Five-Year Plan.

In regard to the 1996 anticorruption tasks, Li Qinglin said: The key to successfully waging the anticorruption hinges on leading cadres' administrative honesty and self-discipline. This year, we should continue to firmly attend to the implementation of the regulations on leading cadres' administrative honesty and self-discipline as stipulated since the second plenary session of the Central Discipline Inspection Commission; should attach importance to eliminating the problems of leading cadres abusing power for private gains, such as engaging in lavish dining and wining with public funds, exceeding the standards in the use of sedan cars, and violating the regulations on construction, purchasing, and decoration of houses; should continue to expand the dynamics

of handling cases; should investigate a number of major and appalling cases that can produce great impacts; and should investigate and handle the unlawful and undisciplined cases involving party and government leading organs, administrative and law enforcement organs, judicial organs, economic administrative departments, and leading cadres at or above the county and section level. This year, we should also exert efforts to correct in depth unhealthy trends. We should continuously focus the correction of work styles on eliminating the wanton collection of fines and tolls and the wanton setup of check posts on highways, the wanton collection of charges from primary and middle school students, and the wanton apportioning of expenses among peasants. Simultaneously, we should concentrate on sorting out extrabudgetary funds and unauthorized incomes. That is, we should resolutely correct some departments and units' problems caused by their poor management of extrabudgetary funds, their failure to separate their outlays from the charges that they collect from the people, and the wanton use of funds. All departments and all trades should define their 1996 targets for correcting work styles and correct the unhealthy trends within trades. This year, we should also further consolidate the achievements in supervising the enforcement of laws and further give an impetus to the improvement of the economic development environment.

Li Qinglin finally stressed: The 1996 anticorruption work by no means simply repeats that of 1995. We must exert efforts to consolidate and deepen the work. We should further strengthen leadership; set up and improve a responsibility system for opposing corruption and improving party styles and administrative honesty and a system of supervising, restricting, and managing leading cadres; persistently make administrative affairs visible to the public and [words indistinct]; comprehensively and carefully arrange the 1996 anticorruption work; and make contributions to ensuring a sound and fast development of the economy and a smooth implementation of the Ninth Five-Year Plan.

Members of the provincial discipline inspection commission attended the session. Present at the session as nonvoting delegates were more than 300 people, including prefectural and city discipline inspection commission secretaries, prefectural and city supervisory bureau directors, county and city discipline inspection commission secretaries; and comrades in charge of provincial-level units' discipline inspection and supervisory departments.

PRC: Jilin Secretary Addresses Provincial Party Plenum*SK0603060896 Changchun JILIN RIBAO in Chinese
21 Jan 96 pp 1, 3*

[Report on speech by Zhang Dejiang, secretary of the Jilin Provincial Party Committee, at the sixth plenary session of the sixth provincial party committee on 21 December: "Work Hard for the Prosperity of the Country, Immerse Ourselves in Hard Work, and Strive To Realize the Province's Cross-Century Grand Objective"]

[FBIS Translated Text] Fellow comrades:

This plenary session is an important meeting held at the crucial moment of Jilin's economic and social development. The main tasks of this plenum are to comprehensively implement the guidelines of the fifth plenary session of the 14th CPC Central Committee and of the central economic work conference, discuss the "draft outlines of the Ninth Five-Year Plan for Jilin Provincial economic and social development and the long-term target for the year 2010," and draw up plans for Jilin's economic and social development in the next five and 15 years. Successfully holding this plenum is of great significance in unifying ideology, working hard for the prosperity of the country, immersing ourselves in hard work, and bringing Jilin Province with rapid and healthy economic development, comprehensive social progress, and thriving undertakings into the 21st century. I would like to make the following remarks on Jilin's economic and social development in the next 15 years.

1. Jilin's Economic and Social Development Is at the Critical Moment

The next 15 years will be an important period for our country to promote a shift in the economic system and the mode of economic growth, to comprehensively realize the second-step strategic target, and to lay a foundation for realizing the third-step strategic target, and will be also an extremely crucial period for Jilin's reform, opening up, and modernization drive. The economic and social development during this period will have a bearing on Jilin's position in the economic development pattern for the whole country and even the Northeast-Asia region. In the face of the development trend of vying with other provinces and municipalities, Jilin Province should forge ahead; otherwise, the province will fall back. The communists and various levels of cadres across the province should judge the hour as well as size up the situation with a strong sense of historical responsibility and mission. They should also guide the masses to go all out and inspire them to catch up in an effort to realize a historical leap in

Jilin's economic and social development and to make Jilin stride into and have a foothold in the 21st century with glorious achievements.

The achievements we made during the Eighth Five-Year Plan period have laid an important foundation for the development of the next 15 years. In the past five years, significant achievement has been made in Jilin's economic construction. Particularly, after Comrade Deng Xiaoping presented important speeches during his southern inspection in 1992, and after the sixth provincial party congress made a strategic policy decision on building a developed border province near the sea, Jilin's reform, opening up, and modernization drive have entered a new stage. Breakthroughs have been made in reforming the management system of the finance, taxation, banking, circulation, and other fields. A profound change has happened in the micro-economic basis of economic operation. The marketization of the economy has been significantly strengthened. Great progress has been made in opening border areas to reach the sea. Foreign economic relations and trade have become the major force of economic development. Jilin Province has formed the pattern of multidirectional opening up to the outside world with central open cities as the backing, with development belts along the border and along main transportation lines as the forward position, and with development zones as the "dragon head." The development rate has been an all-time high. The per capita annual gross domestic product (GDP) has increased by 11.3 percent, and the target of quadrupling the 1980 GNP has been realized five years ahead of schedule. The step of upgrading industries has been accelerated. Grain production has jumped to the stage of 20 billion kg. The pillar industries and some large enterprises have energetically brought along the rapid growth of the entire industry. A number of key projects with a bearing on the overall situation and the staying power of Jilin's economic and social development, including energy, traffic, communication, important raw materials, and infrastructural facilities, have been built. The tertiary industry has been rapidly developed. Prominent achievements have been made in science and education, and significant results have been made in the socialist spiritual civilization construction. Various social undertakings have made comprehensive progress, the living quality of urban and rural people has been enhanced, and some major targets for social development have ranked among the best in the country. The year 1995 is the last year of the Eighth Five-Year Plan period and also an unusual year. People of Jilin Province have conquered the biggest flood and waterlogging in a century and other natural calamities, achieved all-round success in fighting natural calamities to provide for themselves through production, and reaped a bumper harvest in

grain production. The industry has continuously maintained a strong and rapid development trend, and it is estimated that the industrial added value will increase by 11 percent over the previous year. Financial revenues have increased by more than 10 percent over the previous year. Inflation can be controlled within 15 percent.

Though the development basis has been formed, we should notice that it is extremely urgent to accelerate Jilin's economic development. Agricultural infrastructure has been weak, and the degree of exploiting resources has been low, so that none of Jilin's counties can be listed among the nation's 100 counties with strong comprehensive economic strength. Owing to the slow structural readjustment of industries and products, the unitary trade that can support pillar industries, stagnant leading industries, and the increasing number of money-losing state-owned enterprises, large enterprises which can be ranked among 500 strong enterprises in the country are relatively few. The proportion of Jilin's economic aggregate to that of the whole country has decreased, the economic efficiency has dropped compared with the national average level, and the gap between our province and developed areas on economic development rate has been widened. The situation is grim, so we should have a sense of hardships and a sense of catching up with and surpassing advanced provinces.

The major environment has been favorable for Jilin Province to accelerate economic and social development. China's economic system reform has been unceasingly deepened, the opening up to the outside world has been gradually expanded, and hot spots for foreign investment have been extended from eastern to western China and from southern to northern China. This has been conducive to Jilin's introduction of foreign capital and development of cooperation with coastal provinces and municipalities in a better way. The central major policy decisions on putting agriculture in the priority position of economic development, on further attending to state-owned large- and medium-sized enterprises, on implementing the strategy of creating a prosperous China via science and education, and on supporting the development of central and western China have further improved the policy environment for Jilin's development. The international environment has been favorable for our province to extensively participate in Northeast-Asia international cooperation.

A more solid ideological foundation has been laid and an organizational guarantee has been available for accelerating Jilin's economic and social development. The broad masses of party members and cadres across the province have conscientiously studied Deng Xiaoping's theory of building socialism with Chinese characteristics and unceasingly enhanced the consciousness of uphold-

ing the party's basic line, so various levels of leading bodies have been strengthened. Since the beginning of this year, the provincial party committee has regarded the important instructions which Comrade Jiang Zemin gave during his inspection to Jilin Province as the guidance; deeply explored Jilin's work; and pointed out that we should realistically lay focus on enhancing quality and efficiency in carrying out economic work. The provincial party committee has had more explicit thinking on the work of peasants, agriculture, and rural areas; worked out more practical countermeasures for attending to state-owned large- and medium-sized enterprises; and defined and started to comprehensively carry out the strategy of invigorating the province through science and education. Consequently, cadres and the masses across the province have been inspired with enthusiasm for building Jilin Province in a better way. This is an important guarantee for developing Jilin Province.

The crux of proceeding from Jilin's actual situation and successfully handling affairs regarding Jilin Province in the next 15 years is to develop economy, strengthen Jilin's economic comprehensive strength as soon as possible, and improve the living standards of the masses. The provincial party committee has defined Jilin's targets for some time to come. The first step is to basically achieve a moderate level of prosperity by the year 1997. The second step is to quadruple the per capita GNP by the end of this century; comprehensively achieve a moderate level of prosperity; and make the profit-tax rate of funds of enterprises, the per capita labor productivity, and the average wage of staffs and workers attain the national average level. The third step is to strive to make Jilin Province ranked among developed provinces in economic and social development. Aiming at the targets, effort should be made to regard the party's basic theories, line, and guiding principles as the guidance; take it as a motivation to deepen reform, expand opening up, and accelerate a shift in the mode of economic growth; consider enhancing economic quality and efficiency as the central task; and take developing high yield, good quality and highly efficient agriculture and creating new economic advantages as the priority. Effort should be also made to implement the six major strategies, carry out the project to make Jilin "strong in four aspects," develop the five pillar industries, expand the 10 enterprise groups, build our province into one featured by strong rural economy, and promote the sustained, rapid, and healthy economic development.

We should implement the strategy of promoting development by reform. There are great potentials in reform, and the basic way for accelerating development is reform. We should establish an effective mechanism for

fully mobilizing people's enthusiasm so as to strengthen the vitality of economic and social development. We should correctly handle the relationship between reform, development, and stability so as to promote development and stability by reform. We should carry out package reform, make breakthroughs in key areas, and deepen reform steadily.

We should implement the strategy of taking opening up as the guide. Opening up to the outside world is the hope and potential for the rise of our province. We should use regional and resource advantages to promote multilateral and multidirectional opening up to the outside world; extensively develop the joint venture, cooperation, and joint management of enterprises; expand the space for export-oriented economic development; and promote a big development and a big leap in Jilin's economy and society by making a big breakthrough in the opening up to the outside world.

We should implement the strategy for regional development. The regional economy has comprehensive advantages. We should regard the regional economy as the basic growing point for Jilin's development, pay attention to giving play to comparable advantages, give prominence to regional characteristics, and avoid structural unanimity. Through implementing the regional development strategy, we should combine the development of rural areas and central cities as well as coordinate the development of border districts, areas of minor nationalities, and central areas. In the course of developing the county economy, effort should be made to develop the nonstate-owned sector of the economy, start this work from various aspects, make breakthroughs in key areas, and form characteristics.

We should implement the strategy for an optimal structure. The structure decides functions. In the course of structural readjustment, we should widen our thinking and take big moves so as to expand the scale of structural readjustment among various regions, trades, and sectors of the economy. We should readjust product mix to promote industrial restructuring, bring along the readjustment of enterprise organizations by reorganizing assets, attend to and strengthen the state-owned economy, energetically develop the collective economy and the nonpublic-owned sector of the economy, and promote the structural readjustment of various sectors of the economy.

We should implement the strategy of invigorating the province through science and education. Science, technology, and education are the crucial factors for transforming the mode of economic growth and enhancing the development level and staying power. Various strategies on catching up with and surpassing advanced

areas, which were carried out by less developed areas, should be supported with science, technology, and education. To serve the 21st century, we should train a large number of persons with the ability of leadership, science and technology, economic management, and cultural construction. We should rely on science and education to develop economy and to strengthen productive forces, enhance the quality and efficiency of economic growth, and develop advantages with science and education.

We should implement the strategy of attending to two tasks simultaneously. The high-quality economic growth and social progress should be guaranteed by highly efficient ideological and political work. The guiding principle of attending to two tasks simultaneously and succeeding in both should be realistically epitomized in Jilin's development strategy. The socialist spiritual civilization construction and the building of democracy and the legal system should be placed in a more prominent position. Simultaneous attention should be paid to strengthening internal cohesion and external attraction so as to develop productive forces.

2. We Should Persist in Regarding Enhancing Economic Quality and Efficiency as the Central Task and Accelerate Two Fundamental Changes

The "proposal" of central authorities urged that we should achieve two fundamental changes: a change from the traditional planned economic structure to a socialist market economic structure, and a change from an extensive economic growth mode to an intensive economic growth mode. This is a major policy decision which is formulated on the basis of comprehensively analyzing the current situation of China's economic and social development and its development trend. It embodies the internal demands for the socialist market economic growth, takes economic construction as the core of deepening and developing economic work, and is another profound revolution. Economic work is very complicated, therefore, grasping two changes is to grasp the key link. In line with central demands, we should realistically carry out the work of the next year and the next 15 years in line with the two changes.

We should emancipate the mind and establish the new concept compatible with the two changes. Since reform and opening up have been conducted, a profound change has happened in the mindset of cadres and the masses. But old-fashioned ideas are an extremely prominent problem, and a rigid and conservative way of thinking and outmoded concept are still the serious obstacles to Jilin's reform and development. To a great extent, the gap between our province and developed ones results from the insufficient emancipation of the mind.

We should steadfastly regard emancipating the mind as a major matter with strategic significance, successfully carry it out, and let it be manifest throughout the course of the economic and social development in the next 15 years. At present, we should intensify our effort to emancipate the mind in line with the two changes. First, we should overcome the concept of awaiting and relying on higher levels and the government and asking subsidy from them. We should establish the market competition concept of gearing toward the needs of the market, striving for self-support and improvement, and striving to be the best. Second, we should overcome the concept of development mainly by pursuing larger quantity and higher speed, and blindly launching new projects. We should establish the concept of development mainly by optimizing existing projects, upgrading their quality, and paying attention to their efficiency. Third, we should overcome the closed idea to become all-embracing in spite of the size, and establish the open concept of serving the big market, expanding the big space, and promoting the development of export-oriented economy. Fourth, we should overcome the conservative concept of sticking to old ways, cherishing the outmoded and preserving the outworn, and refraining from seeking stability for fear of chaos. We should establish pioneering concept of daring to think, try, break through, and act. To realize the aforementioned changes, we should extricate ourselves from the stereotyped thinking formed under the traditional planned economic system and recognize contradictions and handle issues from the perspective and the method of the socialist market economy. We should realistically transform the guiding ideology and the method of leadership for economic work. Transforming the economic growth mode is the revolution of the behaviors of the enterprise production and management and of the government's organizational management. Various levels of leading bodies and cadres should take the initiative in conforming to the trend of the times; straighten out the guiding ideology for economic work; and promote a shift from the high-consumption, low-efficiency, and unendurable extensive economic growth mode of mainly relying on the large amount of input of funds, manpower, and resources as the backing to the intensive economic growth mode of mainly relying on scientific and technological progress, enhancing the quality of laborers, and centering on efficiency. In the arrangement of development speed, what should be emphasized is the projects with good quality and efficiency carried out with realistic speed, but not the projects with low quality and efficiency carried out with high speed. In the arrangement of projects, we should strictly make checks and resolutely prohibit launching the projects which fall far below the economic scale and techno-

logical standard and fail to achieve good efficiency. On no account should we carry out projects without doing hard thinking, make wanton assurance when asking for projects, and leave thing in a mess when projects fail. On no account should we turn the work done during one term of office into the burden of the next several terms of office. In balancing plans, we should persist in acting according to our ability as well as avoid craving for greatness and success and doing things beyond our ability. In the arrangement of funds, we should persist in supporting excellent enterprises, but restricting inferior ones as well as strive by every possible means to reduce the rate of funds tied up in overstocked goods and enhance the rate of using funds. In management, we should pay attention to strict and scientific management as well as strive for better quality and efficiency through good management. We should pay attention to tapping potential by upgrading technology and improving management, persist in spending less money and handling more affairs, and avoid launching new projects for the things which can be handled through reform, reorganization, and transformation. We should prohibit incurring new debts for the problems which can be resolved by enlivening funds. We should resolutely forbid producing slow-selling goods as well as resolutely reorganize through amalgamation and bankruptcy the enterprises which have lost money for a long time and have no hope in ending deficits.

We should establish incentive and restraint mechanisms favorable to enhancing quality and efficiency as soon as possible. In line with a shift in the economic growth mode, we should accelerate the reform of enterprise systems; establish the management mechanism which epitomizes the demands of the market competition and is advantageous to strengthening the mandatory restrictions of enterprises; and promote enterprises to consciously strengthen management, voluntarily make technological progress, and practice thrift and enhance efficiency on a long-term basis. We should enhance the equity in market competition and give full play to the role of the mechanism for making successful enterprises prosper and eliminating those which fail in the market competition. We should establish a responsibility system for the policy decisions on initiating new projects and on the investment of technological transformation projects as well as a project owner responsibility system in an effort to make the people concerned shoulder responsibility and take tasks. For those who slip up in policy making and management and thus make serious losses to state-owned assets, their administrative, economic, and legal responsibility should be resolutely called to account. We should establish a scientific standard for evaluating cadres' performance and ensure that economic work would be evaluated by the efficiency

target, industrial production would be evaluated by the profit-tax rate of funds, the rural development would be evaluated by the per capita income, and the local development would be evaluated by financial revenues.

3. We Should Base Ourselves on Jilin's Advantages and Enhance Economic Strength

For the economic development in the next five and 15 years, we should depend on our advantages, give prominence to key points, establish a strategic layout with Jilin's characteristics, and strive to enhance Jilin's economic strength.

Across the province, we should carry out the project of "building another two or three economically strong cities (prefectures), in addition to Changchun and Jilin, 20 economically strong counties, 100 economically strong towns, and 1,000 economically strong villages" by the end of this century. To proceed from Jilin's actual situation, the standard for economically strong cities is that the annual GDP should amount to 15 billion yuan, and financial revenues should reach 1.5 billion yuan. The standard for economically strong counties is that after referring to the state's evaluation plan, we should regard per capita GDP and per capita financial revenues as the leading target, take added value of the primary, secondary, and tertiary industries as the priority target, and establish a scientific evaluation system. The standard for economically strong counties is that the annual financial revenues should total 5 million yuan. The standard for economically strong villages is that the net per capita income of peasants should reach 3,000 yuan, and the net income of collective economy should reach 500,000 yuan. The central cities should do a good job in being the "locomotive" of the regional development. At the beginning of the next century, Changchun city should move from 20th place to 10th among the 21 cities whose GDP surpasses 20 billion yuan. Jilin city should rank among the cities whose GDP surpasses 20 billion yuan. Siping city should fully use the existing foundation to develop itself into a big modern city. Other cities should rely on their advantages, give prominence to their characteristics, and accelerate their development step. By the end of this century, three or four counties (cities) in our province should rank among the 100 strong counties in the country. At the same time, we should eliminate financial subsidies to counties. Various cities, counties, towns, and villages should strive to become economically strong.

We should develop five major pillar industries. We should continuously support the development of auto and chemical pillar industries which have been formed, give full play to their advantageous close relations,

gear toward the needs of the domestic and international markets, energetically develop the industry of auto parts, actively do a good job in the development of a series of chemical products as well as in the fine chemical industry, and promote the development of relevant industries. In line with the advantage of resources, we should energetically foster new pillar industries in terms of food, medicine, and electronics. By the end of this century, the added value of five pillar industries should account for above 65 percent of the provincial industrial added value. We should meet the market demands, develop the "large-scale light industry," and promote the structural optimization of industries.

We should strengthen 10 major enterprise groups. In the development of pillar and superior industries, we should regard the large-scale backbone enterprises with advanced technology and strong competitive products as the lead and develop them into enterprise groups. In the next five years, we should foster a number of large-scale enterprise groups and turn them into the main force of economic development. First of all, we should continuously strengthen automobile industrial groups with the First Automobile Manufacturing Plant as the lead and chemical industrial groups with Jilin Chemical Industrial Plant as the lead. At the same time, we should continuously foster and develop eight enterprise groups which are fairly large in scale and have relatively strong competitiveness at home and abroad, with Jilin Oil Field, Tonghua Iron and Steel Plant, the lumbering industry plant, Deda Company, Changchun Motorcycle Plant, Jilin Chemical Fiber Plant, Jilin Paper Mill, and Jifa enterprise as the lead. For the industries of medicine, electronics, construction, and building materials, enterprise groups should also be established through development of key areas, reorganizing assets, readjusting the structure, developing their lateral cooperation at home.

We should strengthen the infrastructure and devote great efforts to changing the backward situation of infrastructure facilities. We should give first priority to transportation, actively build high-class highways, develop expressways, and make highways reach all directions. We should quicken the pace of transforming railroad technology, make more internal-combustion engines and electrified trains available, and expedite local railroad construction. We should open international air routes and establish an international air corridor. We should also actively open sea routes for ocean shipping. Water conservancy is the basic industry of economy, so we should energetically attend to the project of strengthening the dikes for the first and second Songhua Jiang and other rivers as well as the Hadashan reservoir. We should strengthen the construction of urban water-

supply facilities and flood control works. We should continuously strengthen energy, communication, and other basic industries so as to make them suit the development of economy.

4. We Should Strengthen the Work for Agriculture, Rural Areas, and Peasants To Build Our Province Into One Featured by Strong Rural Economy

Jilin's agricultural development is full of potentials, hope, and staying power. In the next five and 15 years, we should put agriculture in the first place; regard making peasants prosperous, modernizing agriculture, and urbanizing rural areas as the target and the main line dominating the entire rural work; and make three of them mutually beneficial to one another. By the year 1997, we should make overall planning for the project of making people attain a moderate level of prosperity and energetically increase the income of peasants. After the year 1997, we should regard building our province into one featured by strong rural economy as the target, optimize the rural economic structure, and strengthen the rural economic strength.

We should energetically grasp the marketable grain project of increasing the production by 5 billion kg. During the Ninth Five-Year Plan period, aiming at increasing production by 5 billion kg, we should increase input and pay attention to the following two points. A. We should grasp farming as well as foster and widely apply improved breeds. B. We should grasp water conservancy, build irrigation works, and fight drought and waterlogging. At the same time, we should protect the existing cultivated land, accelerate the step of transforming the 30 million mu of medium- and low-yield fields, and raise the level of overall production. The main potential for continuously increasing grain production lies in Jilin's central and western parts. The working priorities for Jilin's central part are to improve farming conditions, raise the level of scientific farming, and increase per unit area yield. The working priorities for Jilin's western part are to fight drought, save water, drill wells for irrigation, and strive for more grain production and better efficiency through well water irrigated agriculture and economic activities supported by well water irrigation. On the basis of stabilizing the responsibility system of the household-based contract with remuneration linked to output, we should perfect the system of transferring the right of using cultivated lands and develop optimum-scale operation. In order to protect peasants' enthusiasm for growing grains, we should energetically strengthen agriculture-supporting industry; persist in monopolizing the sales of seeds, chemical fertilizer, and farm chemicals; strictly control the prices of agricultural means of production; raise the level of

agricultural socialized service; and realistically alleviate peasants' burden. We should continuously support key grain-producing areas, build 28 counties as the bases of marketable grains by the end of this century, and strive to form about 10 major grain-producing counties with the annual output over 1.5 billion kg each.

We should restructure rural industries and energetically develop economy in a coordinated manner. The proportion of animal husbandry in agriculture should be increased; grains, animal husbandry, and diversified economy should be more closely related to township enterprises; and peasants should be guided onto the field of transforming, processing, and circulating farm produce through various channels. It is imperative to develop the economy in a coordinated manner, with the market as the guide, processing enterprises as the lead, the production of peasant households as the basis, and specialized, large-scale, and socialized production and management as the characteristics. In line with Jilin's actual situation, focus should be laid on developing coordinated projects in the production of cattle, hogs, sheep, chicken, geese, and deer. Beginning next year, priority should be given to implementing the "beef cattle project." By the end of this century, it is imperative to build 23 counties as the beef cattle bases with an annual output of 100,000 head of cattle each. In order to coordinate with this, effort should be made to build some plants producing feed for beef cattle, cattle processing plants, leather product plants, and plants of biological products with cattle as raw materials. When implementing the "beef cattle project," it is imperative to build 10 major hog-raising counties, 10 major poultry-raising counties, and 10 major counties featured by diversified economy.

We should make a big breakthrough in township enterprises and promote big development in the village-level economy. We should grasp new opportunities, implement the policy of encouraging township enterprises to seek big development, proceed from labor-intensive industries, pay attention to exploiting resources, exert effort to develop backbone enterprises, and strive to form 15 counties characterized by strong township enterprises. Each village should have its collective economic projects and have net collective economic income of more than 20,000 yuan annually. On this basis, we should develop a number of villages whose net annual income of collective economy totals 100,000 yuan or 1 million yuan.

We should actively promote the construction of small cities and towns. Efforts should be made to take 15 years to build 100 new and small cities and towns with coordinated facilities and perfect functions. It is imperative to make good plans and rational distribution, suit measures to local conditions, and give prominence to character-

istics. While initiating small industrial and commercial regions in townships and towns, rural enterprises engaged in the secondary and tertiary industries should be encouraged to move to small cities and towns in an effort to invigorate the towns by the industries and the cities. For the newly-initiated enterprises and, in particular, state-owned large- and medium-sized enterprises near small cities and towns, their rear-service facilities and residential houses should be built in or moved to the small cities and towns. We should perfect the household registration, employment, and other corresponding policies as well as strengthen the construction of public facilities in an effort to make small cities and towns an embryonic form of rural urbanization.

5. We Should Lay Focus on Improving State-Owned Large- and Medium-Sized Enterprises in an Effort To Create New Advantages for the State Sector of the Economy

State-owned large- and medium-sized enterprises are the economic foundation of the socialist system as well as the major force to support reform and opening up and promote economic development. We should take improving state-owned large- and medium-sized enterprises as the top priority in the economic system reform and economic construction of the next year and the period afterwards. We should never have a confused understanding or stumble over this. The insufficient vitality and difficult production and management in some state-owned large- and medium-sized enterprises are the comprehensive symptom resulting from policy factors and process of transformation, which is characterized by unsuitable operating mechanisms, backward management, obsolete technology and equipment, and antiquated products. We should regard the establishment of the modern enterprise systems as the objective; take reform as the main line; and adopt grasping products as the starting point in an effort to integrate reform, reorganization, and transformation with strengthening of management. We should grasp big enterprises and enliven small ones, give different guidance to different cases, carry out a package reform, conduct comprehensive management, and strive to take two or three years to break a new path for improving state-owned large- and medium-sized enterprises to reinvigorate the state sector of the economy as a whole.

We should do a good job in developing new products. State-owned enterprises across the province should establish the concept of regarding the market as their frontline, add impetus to the design and development of new products in line with the tendency of the shorter life circle of products and market demands, expedite the structural readjustment of products, strive to produce new and high-quality products with rapid

speed, and unceasingly bring forth new products with their own characteristics. For products which sell well in the market, we should ensure their quality and energetically promote production. For the products which show a subsiding tendency in marketing, we should restrict their production and actively shift the line of production. For unsalable products, we should resolutely stop production. We should pay simultaneous attention to the structural readjustment of products and that of industries. We should study marketing strategies, strengthen the construction of marketing contingents, and strive to make new products achieve a share in the market as soon as possible.

We should expedite enterprises' technological transformation and progress. Technology is the key to developing products. We should use the thinking on reform to raise funds for technological transformation through various channels and add impetus to technological transformation. For some time to come, the proportion of the investment in technological transformation to that in fixed assets should not be less than 40 percent. For the government's input to technological transformation, we should ensure that the input is made in key projects, concentrate efforts on them, and shorten the period of technological transformation. In technological transformation, we should have the awareness in surpassing the advanced, monitor the market change, and uphold a high starting point. We should closely integrate technological transformation with the change of systems so as to make more technological transformation projects successful.

We should strictly manage enterprises. Management is a basic demand of the progress of enterprises. To develop products and upgrade their level, we should strictly manage enterprises. State-owned enterprises across the province should lay focus on establishing the modern enterprise system; deeply reform the systems of property rights, personnel, labor, and distribution; establish the system of taking responsibility for managing assets and capital; realistically change the mechanism for management; and raise the level of managing enterprises. The experiences of carrying out strict management of Jilin Chemical Industrial Plant and Jilin Chemical Fiber Plant, the spirit of carrying out meticulous management by "reckoning on every penny" of Changchun Bulb and Wire Plant and Baicheng Flax Mill, the improved production method of the First Automobile Manufacturing Plant, and Audi special quality control method should be popularized across the province. We should comprehensively raise the level of basic management in terms of financial affairs, quality, and cost as well as resolutely oppose waste. In 1996, we should conduct the "enterprise management year" activities across the province. Relevant government departments and trade

associations should supervise and guide the management of enterprises, regularly announce evaluation results to the society, and strengthen the incentive and restraint of enterprises.

We should train a contingent of enterprise managers. We should regard building a contingent of managers as a basic project for improving state-owned enterprises. We should energetically select and train a large number of high-quality entrepreneurs with a strong market sense, modern management knowledge, and the spirit of going all out and making dedication. In 1996, organizational departments should join economic and commercial, personnel, trade union, auditing, and financial departments and departments in charge of managing state-owned assets and enterprises in conducting a general inspection on leading bodies of state-owned enterprises according to the relations of subordination. It is imperative to award the leading bodies who make good achievements, readjust incompetent ones, and severely punish those who violate laws and discipline and line their pockets with public funds. We should establish a system for managing enterprise managers and a mechanism for training them which both conform to the demands of the socialist market economy as soon as possible. We should achieve unity in making the party manage cadres and selecting personnel in line with the market mechanism so that entrepreneurs will be selected through the market and become more professional. We should gradually promote a yearly salary system for enterprise managers, carry out a system under which managers mortgage to guarantee risks and auditing is conducted every year and upon the departure of managers, and form a perfect incentive and restraint mechanism for enterprise managers. The entrepreneurs who make significant achievements should be cherished and respected by the whole society.

We should develop enterprise groups. We should lay focus on supporting a number of large-scale backbone enterprises with strong competitive products, advanced technology, and scientific management. We should regard these enterprises as the lead; take assets as the link; consider bringing forth new ideas in systems as the basis; and adopt mutual benefits on an equal footing and voluntary participation as the principle. We should develop enterprise groups which cover various regions, trades, and sectors of the economy through association, amalgamation, buying and the control of shares, and trust management in an effort to promote a large number of medium-sized and small enterprises and help them get out of the difficult situation. Government departments should act as a go-between, do a good job in service, and avoid random selection of cooperation partners. It is imperative to develop large-scale enterprise

groups into multinational corporations which integrate industry with trade, science, and banking.

We should reorganize assets. We should optimize and reorganize state-owned reserve assets in line with the measure of developing enterprises into enterprise groups. First of all, we should establish a mechanism favorable to the rational fluidity of state-owned assets to float state-owned assets in industries and enterprise in line with the principle of efficiency. We should persist in decontrolling small state-owned enterprises and allow their cooperation with enterprises with good efficiency through amalgamation, sell-out, joint venture, leasing, bankruptcy, trust management, and the shareholding partnership system. We should establish an open, fair, and just market and supervision system for the transaction of property rights as well as standardize the behaviors of bartering away property rights in an effort to make state-owned assets maintain and increase their values in the course of circulation. In the next two years, we should basically decontrol and enliven small state-owned enterprises across the province.

We should readjust the structure of liabilities. Through the joint efforts of enterprises, the locality, and the state, we should resolve the issue on the debts of enterprises. Various places should make use of Changchun city's experiences in reorganizing debts. We should make good and full use of various state policies and find a way of alleviating enterprises' burdens and reducing their debts through reform and opening up, and strive to take two or three years to reduce the rate of liabilities of state-owned large- and medium-sized backbone enterprises to 60 percent or so. First, through introducing foreign capital, we can transfer some stock ownership to foreign businessmen and use the funds to pay debts. Second, companies entrusted to manage liabilities should be established for reorganizing the debts of enterprises and for transforming these enterprise into companies. Third, we can fix a price for land and manage the land as a part of the state-owned assets so as to increase the capital of state-owned enterprises. Enterprises located in urban central areas can entirely or partially sell the right of using lands, and use this income to purchase new places and pay debts. Fourth, we can sell shares and idle fixed assets to pay debts. Fifth, we can sell enterprises and let buyers bear debts. Sixth, we can use reserve funds of banks for bad debt to pay off part of debts which enterprise are unable to pay. Seventh, through examination and approval, debts resulting from the state's change of appropriations into loans can be turned into the state's investment funds. Eighth, debts between enterprises can be turned into shares through the consultation of two parties. Ninth, for the debts of difficult enterprises merged by superior enterprises or

enterprise groups, in line with the state's relevant stipulations, the payment of interest can be suspended or postponed. Tenth, through turning foreign debt into domestic one, we can readjust the structure of liabilities so as to lower the exchange rate risk. In the course of operation, we should give priority to helping the enterprises with good-selling products, good operating efficiency, and good future in transformation unload their burden of debts. When paying old debts, we should resolutely prevent increasing new debts.

The social functions of enterprises should be separated. Organs of rear service and auxiliary departments for production run by enterprises should be gradually separated from the major production and management sectors of enterprises. Conditions permitting, they can have independent management right away in line with social demands. If conditions do not permit for the time being, they can render paid service in line with social demands, their losses below the fixed quota can be made up, and their profits can be kept so they will gradually become independent economic entities. For the redundant personnel of enterprises, they should be mainly absorbed by enterprises, which should develop the tertiary industry to provide more employment opportunities.

6. We Should Add Impetus to Coordinated Reform Measures and Raise the Level of Opening up to the Outside World

During the Ninth Five-Year Plan period, we should pay attention to the state sector of the economy as a whole, strengthen the coordinated reform measures of various sectors, initially establish a socialist market economic system, and gradually form a market economic system with Chinese characteristics. In the first 10 years of the 21st century, reform priorities should be given to perfecting regulations for the market operation and to standardizing social and economic relations.

We should establish new systems for managing, supervising, and operating state-owned assets. In line with the principle of separating the social management function of the government from its function as the owner of state-owned property and separating the function of managing state-owned assets from that of operating state-owned assets, we should establish the systems for managing, supervising, and operating state-owned assets. We should establish a committee for managing state-owned assets and select party committee members or main leading comrades of the government as directors of this committee. We should build up a bureau for managing state-owned assets, and make it carry out an unified and standardized management on state-owned assets under the leadership of the committee for managing

state-owned assets. In line with the reform of government organs, conditions permitting, departments in charge of the work of enterprises can be reorganized into companies for managing state-owned assets or holding companies. They are empowered to manage state-owned assets and shoulder the responsibility for maintaining and increasing the values of state-owned assets. Big enterprises with appropriate conditions can be also entrusted to manage state-owned assets. The amount of state-owned assets possessed by enterprises should be defined, and the system of making the enterprise legal persons take responsibility for floating capital should be implemented. In line with the above-mentioned reforms, we should formulate and perfect the basic systems for registering and defining property rights, for property right transactions, and for evaluating assets as well as an evaluation system for maintaining and increasing the values of state-owned assets.

We should deeply reform the fiscal and taxation systems and strive to broaden sources of income and reduce expenditures. We should commercialize the right of using state-owned resources, economize on resources, and increase financial revenues. We should intensify efforts to levy land tax and differential land rent in particular in an effort to make them major financial sources. We should transfer some personnel in party and government organs to taxation contingents so as to strengthen tax collection and inspection. We should perfect finance at the township level and strengthen the function of towns and townships in levying and paying taxes. We should include charges, funds, and various extra-budgetary funds which epitomize government functions in the budget and strengthen management in an effort to be good at making money, accumulating money, and effectively using money. We should carry forward the fine tradition of building the country through thrift and hard work and making arduous effort, advocate a frugal life, and oppose waste and extravagance. In an effort to let rear-service departments of government organs, we should expedite the reform of the departments and transform rear-service departments with administrative, consumer service, and supply functions into enterprises engaged in business and production.

We should establish and perfect a social security system and a guarantee system. We should continuously solidify and perfect a centralized and unified social security management system. We should quicken the pace of forming the social security system which takes old-age pension and unemployment and medical insurances as the main content, combines social assistance funds with individual accounts, and covers laborers of the entire society. Through legislation and other forms, we should increase the impetus of levying and paying so-

cial insurance funds. It is imperative to gradually let the province make overall planning for social security funds and break barriers between various trades, between various departments, and between various cities and counties so as to collect and use funds in an unified way and strengthen the function of social mutual help. At the same time, we should establish multilateral aid-the-poor funds and provide a guarantee for the basic living of households with special difficulty.

We should further strengthen the construction of the market system. We should deeply reform a circulation system, develop and perfect a commodity market, and actively foster and standardize markets of essential production factors, including the markets of money, lands, labor forces, technology, and information. We should develop local cooperative financial organizations and introduce foreign-funded financial institutions to the cities with appropriate conditions in an effort to enliven finance. We should expedite the development of professional intermediate organizations of the market so as to strengthen the function of the market. We should energetically develop the tertiary industry, increase the proportion of the tertiary industry in the three industries, and add impetus to standardizing and managing it.

We should accelerate exploitation and development of Hunchun and Tumen Jiang areas. We should firmly grasp the opportunity of Northeast-Asia international cooperation and use large-scale opening to promote large-scale development. The priority of Jilin's opening up to the outside world is to open border areas to reach the sea. At present, we should lay focus on the successful and realistic exploitation and opening of Hunchun and Tumen Jiang areas as well as actively participate in Northeast-Asia regional economic cooperation and development. We should expand overseas propaganda through the trade talk on developing the Tumen Jiang area, the Changchun movie festival, the Jilin Wusong festival, and the Yanbian folk custom festival; make Jilin Province and its various cities and prefectures better known to the world, open wider to the outside world; and strengthen the impetus of inviting foreign businessmen and attracting foreign capital.

We should strive to enhance the level and quality of opening up to the outside world. For opening up to the outside world, we should realistically lay focus on optimizing structures and enhancing efficiency and exert efforts to introduce projects, advanced technology and management, and talented persons. We should actually act in line with international regulations, grant foreign-funded enterprises the same treatment as that to our nationals, and simplify and standardize the procedures of introducing foreign capital. We should energetically grasp the construction of export-oriented industries, lay

focus on building a number of export-oriented backbone enterprises, and foster new growing points for foreign export trade. During the Ninth Five-Year Plan period, it is imperative to strategically reorganize export-oriented enterprises into internationalized and industrialized enterprise groups. It is imperative to take superior export-oriented enterprises as the core to merge and combine with a number of productive enterprises and establish bases and develop them into comprehensive chambers of commerce which integrate trade with industry and science. We should strengthen international market research, readjust the structure of export commodities, and implement the strategy of winning success through quality and promoting diversified export markets. We should further upgrade four state-level development zones and make them give better play to their exemplary, influential and promotional role. For the 12 provincial-level development zones, we should pay simultaneous attention to building infrastructural facilities and planning for the construction of projects in an effort to expand their scale and achieve better efficiency as soon as possible.

The functions of the government should be changed and macroeconomic regulation and control should be strengthened. The government's functions should be changed in line with the demands of the two changes. The government should give its work priority to making plans for the market system and establishing market regulations so as to create an environment for the fair competition of enterprises. The government should transfer the duty of making investment in initiating enterprises to managers and the basic function of allocating resources to the market. We should continuously regard controlling inflation as the priority task of macroeconomic regulation and control, energetically cut down nonproductive construction projects, and channel the funds from finance and banking departments and all areas of society into basic, pillar, and superior industries. We should exert efforts to rectify the lax situation and attend to the structural readjustment. During the Ninth Five-Year Plan period, we should cut down the operating expenses allocated by finance departments by 10 percent, strengthen financial and economic discipline, strive to eliminate various levels of financial deficits, and realize a balance between financial revenues and expenditure. We should control inflation within 10 percent. Through in-depth reform, we should improve economic relations, rectify and standardize economic orders, and effectively readjust the distribution between members of the society. We should strengthen price supervision and credit management, severely punish the behaviors of breaking a contract, crack down on law-breaking business, and protect the legal rights and interests of producers and consumers.

7. We Should Persist in Building the Province Through Science and Education and Increase the Scientific and Technological Content of Economic Development

In order to realize Jilin's targets for the next five and 15 years, we should conscientiously implement the "decision of CPC Central Committee and State Council on expediting scientific and technological progress" and the "outlines for China's educational reform and development"; strive to make the contribution rate of scientific and technological progress to economic growth reach 45 percent during the Ninth Five-Year Plan period; and make it reach 55 percent by the year 2010.

We should strengthen the integration of science and technology with the economy in an effort to expedite the transformation of new scientific findings and technological achievements. Various large- and medium-sized enterprises should establish organs for technological research and development and systems for drawing and accumulating scientific and technological development funds. They should also take the lead in giving play to their role as carriers to integrate science and technology with economy. Scientific research institutes, institutions of higher learning, and enterprises should be encouraged and supported to cooperate in technological research and development. Except a few scientific research organs engaged in basic research, the majority of scientific and technological units should center on the application of science; entirely or partially combine themselves with technological development organs of large enterprises or enterprise groups; or establish new enterprises which will take the lead in scientific research. Scientific and technological personnel should be allowed to engage in the technological development of enterprises or initiate scientific research and economic entities, which those personnel will take the responsibility for their profits and losses. We should establish a scientific and technological risk investment mechanism, strengthen the construction of intermediate experimental bases, and lay focus on building technological development centers and engineering research centers, including the ones for automobile, chemical industry, and intensive corn processing. Agricultural scientific research units should take the path of integrating science with agriculture, industry, commerce, and education as well as lay focus on fostering the improved breeds of corn and beef cattle. The production and management activities of scientific research units should be focused on the intensive processing of resources so as to give play to their guiding and exemplary role among enterprises and peasants. We should strengthen dissemination of science and technology and promote creative and inventive activities in the

whole society. We should encourage and support the development of nongovernment scientific and technological enterprises. They should enjoy the equal treatment as state-owned scientific and technological organs receive in terms of initiation of projects, credit, land for development, evaluation of achievements, tax revenues on preferential terms, and scientific and technological awards.

We should quicken the pace of industrializing high and new technology. We should put major input to the high and new technology which is closely related to industries and has strong development potential so as to achieve a market share as soon as possible. We should continuously attend to "Jilin Provincial high- and new-tech industrial project with the annual output value of 10 billion yuan" and lay focus on building Changchun and Jilin state-level high- and new-tech industrial development zones. We should persist in using high and new technology to transform traditional technology and equipment and productive technology so as to accelerate the upgrading of industries. We should attach importance to the development of the information industry and meet the demand of information revolution.

We should energetically develop educational undertakings and comprehensively enhance the quality of laborers. To face the competition of the 21st century, we should deepen the educational system reform and establish the educational system which is compatible with Jilin's actual situation, rational in the structure, and full of vigor. For basic education, we should popularize the nine-year compulsory education by the year 1997 and popularize senior middle school education in large- and medium-sized cities by the year 2000. For higher education, we should readjust the structure of specialized courses; quicken the pace of training people with applied knowledge, compound talent, and talent for export-oriented economic development; and comprehensively enhance the quality of running schools. In line with the principle of integrating research with application, teaching students in line with actual demands, and focusing on real results, we should further attend to vocational education, adult education, and continuing education in an effort to make the majority of middle-aged and young peasants master one or two applied techniques and make a large number of staffs and workers skillfully master their professional techniques.

We should establish diversified education and a mechanism for scientific and technological input. On the basis of increasing the government's input, we should fully mobilize the enthusiasm of various social sectors, collect funds through various levels and channels, and muster their efforts to initiate educational undertakings and develop science and technology. Particularly, we should

formulate a technological standard for major products and a standard for training staffs and workers as well as encourage enterprises to increase investment in science, technology, and education. The growth of educational, scientific, and technological funds should be higher than that of financial revenues. We should strive to increase the salary of teachers and scientific and technological personnel.

8. We Should Persist in Paying Simultaneous Attention to Two Civilizations and Promote Comprehensive Social Progress

Attending to the two tasks simultaneously and succeeding in both are the major principle of building socialism with Chinese characteristics. We should conscientiously draw on Zhangjiagang's experiences, place social development and spiritual civilization in an important strategic position, promote the simultaneous development of spiritual and material civilizations, and make them complement each other.

We should strive to realize coordinated and sustainable development between economy and society. We should concentrate on rural areas and floating population, grasp the family planning, control Jilin's natural population growth rate within 9.3 per thousand, and strive to enhance the quality of population. We should adhere to the policy of simultaneously planning, carrying out, and promoting economic construction, the construction of cities and townships, and environmental construction; strengthen environmental, ecological, and resource protection; prevent and rectify industrial pollution; and develop ecological agriculture. We should lay focus on the natural environment of Changbai Shan areas and western grasslands, do good work in protecting Jilin's natural environment, and never waste resources and pollute the environment. We should create more job opportunities and strengthen development to aid the poor. On the basis of unceasingly increasing the economic growth and productivity of labor, we should gradually increase the income of urban and rural people and improve the living standards of the people of the entire province to a larger extent.

We should strengthen socialist spiritual civilization and create a good environment favorable to development. In line with Comrade Jiang Zemin's demands, we should persist in arming the people with scientific theories, guiding people with correct public opinion, training people with a lofty spirit, and inspiring people with outstanding works. We should gear to the needs of grass-roots organs and the masses, start with the basic work, and make special efforts to carry out the activity of rural socialist spiritual civilization. Through a good mechanism, service, and guidance, we should mobilize

the enthusiasm and creativity of various social sectors and channel the wisdom and creativeness of cadres and the masses across the province into accelerating development. We should adhere to the guidance of correct public opinion. We should carry forward the patriotic spirit that everyone is responsible for his country, the spirit of collectivism featuring ardent love for the country, hometowns, and enterprises, and the socialist spirit of making selfless dedication. We should advocate the truth, the good, and the beautiful as well as lash out at the false, the evil, and the ugly. We should form a vigorous public opinion force and good social atmosphere, mold people's temperament, encourage people to do pioneering work, and make talented persons come to the fore and give full play to their ability and strong points. The broad masses of cadres and people across the province should take it their responsibility to make the country prosperous and the province strong, go all out, make exploration, bring forth new ideas, and build a new image for the people of Jilin Province.

We should promote the building of socialist democracy and the legal system and safeguard social stability. We should perfect the people's congress system as well as uphold and perfect multi-party cooperation and political consultation under the CPC leadership. We should follow the party's mass line, establish close contacts with the masses, always bear in mind the vital interests of people and the masses, attend to the things which the masses are most concerned about, tackle the masses' specific difficulties, and let the masses ardently love and participate in the socialist modernization drive. We should wholeheartedly rely on the working class and strengthen the education of industrial workers. We should give full play to the bridge and linkage role of the trade union, the Communist Youth League, the women's federation, and other mass organizations. We should broaden democratic channels and let the masses extensively participate in reform, opening up, and the modernization drive and jointly shoulder the historical responsibility of building Jilin Province in a better way. We should strengthen national defense education and the unity between the Army and the government and between the Army and the people. We should correctly recognize and handle contradictions among the people under the new situation and do a good job in protecting the basic interests of the masses. We should further implement the party's policy towards nationalities and promote national unity and concord. We should strengthen the management of religions and resolutely ban illegal religious activities. We should persist in managing the province in line with the law. Various levels of leading cadres should study and master essential legal knowledge and take the lead in handling

affairs in line with the law. We should quicken the pace of local legislation; strengthen administration of justice as well as law enforcement and dissemination; and realistically rectify the situation of failing to abide by the law, loosening law enforcement, and letting law-breakers go free. We should strengthen comprehensive management of public security; give stern blows to various law-breaking activities; wipe out various social evil situations; unceasingly raise the level of applying the law to economic and social management; guarantee that people live and work in peace and contentment; and ensure that reform and development can be orderly promoted.

9. We Should Strengthen Party Building and Improve Party Leadership

To carry out the Ninth Five-Year Plan and the long-term target for the year 2000 is a cross-century grand undertaking, and the tasks for it are arduous, so we should strengthen and improve party leadership.

It is imperative to strengthen the ideological and political building of various levels of leading bodies and unceasingly strengthen their ability to lead the modernization drive. Leading bodies and cadres at all levels should further study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, strengthen their belief in the socialism with Chinese characteristics, bear in mind the purpose of wholeheartedly serving people, strengthen the consciousness of being public servants, strengthen party spirit, and strengthen the awareness in implementing the party's basic theories, line, and guiding principles. Party's cadres at all levels and leading cadres at and above the county level should emphasize politics and political discipline. They should be good at judging the situation, recognizing issues, and making policy decisions from a political point of view. They should remain politically sober and steadfast in the issues affecting the overall situation and fundamental principles. We should resolutely safeguard the authority of the Party Central Committee with Comrade Jiang Zemin as the core, submit ourselves to the overall situation, strictly execute orders and prohibitions, and guarantee the smooth implementation of central orders. We should conscientiously study the important speech presented by Comrade Jiang Zemin on "correctly handling some major relations which exist in the socialist modernization drive." We should deeply comprehend the characteristics of the operation of the market economy and the demands for the intensive economic growth mode. We should consciously grasp and use the objective law for economic and social development in the new period and correctly handle various major relations and issues in the course of reform and development.

We should further strengthen the ability to consider the whole situation and plan accordingly, the ability to make scientific policy decisions, macroeconomic management ability, and the ability of organization and coordination. We should acquire a stronger sense of adhering to principles in work, a systematic approach, foresight, and creativity as well as have the initiative in leading reform, opening up, and the modernization drive.

We should strengthen the training of talented persons and strive to train cross-century persons with leadership ability. Our undertakings need a large number of leading cadres with strong party spirit, good work style, and the ability to take on heavy responsibilities. In line with the party's principle of having both ability and political integrity and the guiding principle of "making the ranks of cadres more revolutionary, younger in average age, have better education, and professionally competent," we should impartially select and make use of personnel, use capable personnel and employ skilled personnel, and put honest personnel who know how to handle affairs and unite people in an important position. In selecting cadres, we should do a better job in following the mass line, lay focus on discovering persons with leadership ability from the cadres who take key posts, and attach importance to how cadres behave at the crucial moment. We should discover persons with excellent ability among the cadres who can correctly handle major social events and complicated issues and among the cadres who disregard fame and gain, quietly immerse themselves in hard work, silently make dedication, and despise toadying and securing advantages through influence. All of these are aimed at not putting honest persons in an unfavorable situation. We should never promote persons who have low ideological and political quality, hanker for comfort and private gains, resort to deception, and run about asking for government's important positions. In selecting cadres, we should listen to what they say and observe what they behave and pay attention to public opinion. We should pay simultaneous attention to their real work achievements and honesty and self-discipline. We should also lay equal stress on their on-duty and off-duty activities. When energetically training and selecting young cadres, we should give full play to the role of other cadres. For cadres' age, we should avoid uniformity and the progressive decrease of cadres' age at each level as well as maintain a rational structure of cadres' age. We should strengthen cadres' educational training and encourage them to be honest persons. Cadres should avoid seizing every chance to gain advantages through trickery in politics, bartering power for money in economy, craving for greatness and success in work, and seeking ease and comfort in life. Cadres should tell truth, do practical things, and make real achievements.

We should further strengthen and improve the construction of grass-roots party organizations. We should conscientiously implement the guidelines of the fourth and fifth plenary sessions of the 14th CPC Central Committee, lay focus on the party's work in rural areas and enterprises, give a different guidance to a different work, and comprehensively strengthen and improve the construction of grass-roots party organizations. In line with the objectives and demands of "five-goods," we should center on economic and social development and in particular, the construction of attaining a moderate level of prosperity; actively carry out a "rectification project" and an activity of "upgrading levels and grades"; and energetically strengthen the construction of rural grass-roots party organizations. In the course of establishing a modern enterprise system, we should realistically strengthen and improve the party's work in enterprises; ensure that enterprises' party building, reform, production, and management can be carried out, standardized, and strengthened simultaneously; and strive to explore methods and channels for making party organizations of enterprises give play to their role as the political core. We should further strengthen the construction of government organs, schools, neighborhoods, and other grass-roots party organizations. We should continuously attend to the activity of studying the theory of building socialism with Chinese characteristics and the Party Constitution in an effort to make the broad masses of party members take the lead in invigorating Jilin Province.

We should conduct the anticorruption struggle on an in-depth and long-term basis. Without wiping out corruption, people will feel insecure, and without checking the unhealthy tendencies, it is hard to develop economy. We should persist in laying equal stress on economic construction and the building of party style and hon-

est administration as well as the anticorruption struggle. We should continuously attend to the work of making leading cadres honest and self-disciplined, investigate and handle major and serious cases, and check the unhealthy tendencies. To fight against corruption and advocate honest administration, we should lay focus on leading cadres, regard efficiency as a basic standard, and make careful checks on selecting and making use of personnel. At the same time, we should set strict demands on cadres, strictly manage and supervise them, and closely combine the efforts of making ideological education a regular practice with the efforts of establishing and perfecting the incentive and restraint mechanism. Various levels of party and government leading cadres should consciously pass the tests of fame, gain, power, money, pornography, and personal relationship; conduct themselves well; pay attention to self-respect, self-examination, self-vigilance, and self-encouragement; consciously transform their outlook on the world and life; go down to the grass-roots units more, establish more contacts with the ordinary people, and do good and practical things for people.

Fellow comrades, at the historical time that the old century gives place to the new, we should take on the historical heavy responsibilities of developing Jilin Province and creating a more beautiful future. This is not only a pressure, but also an honor. Therefore, guided by the party Central Committee with Comrade Jiang Zemin as the core, let us mobilize and lead people of various nationalities across the province to unite as one, go all out, immerse ourselves in hard work, press on in the teeth of difficulties, and strive to realize the grand cross-century targets and build Jilin Province in a better way.

PRC: 'New Points' of Li Peng's Taiwan Report Viewed

OW0703104296 Beijing ZHONGGUO XINWEN SHE in Chinese 2300 GMT 6 Mar 96

[By ZHONGGUO XINWEN SHE reporter Huang Shaohua (7806 1421 5478): "Analytical Commentary on the 'Two Sessions': Premier Li Peng's Report of This Year Contains Seven New Points in the Part Dealing with the Taiwan Question"]

[FBIS Translated Text] Beijing, 6 Mar (ZHONGGUO XINWEN SHE) — Compared with the Government Work Report of the previous six years, the part of Chinese Premier Li Peng's Government Work Report dealing with the Taiwan question delivered yesterday further underscored the principle of "one China." It is noteworthy that, in discussing cross-strait relations last year, the report for the first time used the word "struggle" [dou zheng 7591 3630]. To be more specific, the report is clearly different from the previous reports on seven points; and the differences provide much food for thought.

First of all, the report evaluated cross-strait relations as "having developed considerably [you hen da fa zhan 2589 1771 1129 4099 1455]." Premier Li Peng began the part of his report on the Taiwan question by affirming personnel contacts, and economic and cultural exchanges between the two sides over the past many years, noting that such exchanges "have developed considerably." However, the 1995 work report used the terms of "having achieved some results" for cross-strait exchanges, which were summarized as "having further increased" in the 1994 report and described as "having developed continuously" in the 1993 report; the 1992 report affirmed cross-strait exchanges of that year as "having developed in a sustained, in-depth way"; and the 1991 and 1990 reports emphasized the "willingness" and "hope" to promote exchanges.

Second, the word "struggle" appeared in the report. While reiterating the principle of "peaceful reunification; and one country, two systems" and the stand of Jiang Zemin's eight-point proposition, the report pointed out that the struggle against the plot of splittism by some leaders of the Taiwan authorities "shows our determination and ability to safeguard national sovereignty and territorial integrity," thereby affirming the motherland mainland's military, political, and public opinion means of struggle in the past year as necessary and effective, and revealing that the struggle will probably continue. The word "struggle" never appeared in the same part of the report of the previous six years. This shows that "struggle" against "Taiwan independence" will become a major aspect of cross-strait relations from now on.

Third, in yesterday's government work report, Premier Li Peng twice used the term "determination" and "ability" to discuss the need to safeguard national sovereignty and territorial integrity. This is also unprecedented in the government work reports of the seven years.

Fourth, the report, discussing the question of using force, said it is "not directed against Taiwan compatriots." On Taiwan compatriots' recent worries and misgivings, Premier Li Peng said in his report: "We do not renounce the use of force"; and this is not directed against Taiwan compatriots, but against interference by foreign forces and plots to promote "Taiwan independence." This undoubtedly has set the masses of Taiwan compatriots' minds at ease [wu yi gei le guang da tai wan tong bao yi ge ding xin wan 2477 3992 4822 0055 1639 1129 0669 3494 0681 5165 0001 0020 1353 1800 0029]. This method of formulation is also never seen in the work report of the previous six years.

Fifth, the report used the term "pinning our hopes on the people in Taiwan." In the previous work reports and the Chinese Government's other statements concerning the position on the Taiwan question, the general formulation is: "We pin our hopes on the Taiwan authorities and, still more, on the people in Taiwan." In contrast to this, it is rather eye-catching that yesterday's report only mentioned "pinning our hopes on the people in Taiwan."

Sixth, the report used the word "ardently" [re chen 3583 1820]. In the report, Premier Li Peng "ardently appeals" to all Chinese, including Taiwan compatriots, to join hand in hand and strive for reunification. In the light of political confrontation across the strait caused by the splittist plot of some leaders of the Taiwan authorities over the past year, this shows that the motherland mainland has placed the people of Taiwan in a more important position as a force for realizing reunification, thus guiding compatriots on both sides to join hand-in-hand to oppose splittism and achieve reunification.

Seventh, Premier Li Peng wound up the part on the Taiwan question by saying: "People who contribute to the motherland's reunification will always be remembered in history." This ending, also never seen before, connotes a profound meaning [yi wei shen yuan 1942 0724 3234 6678].

Moreover, Premier Li Peng's report also mentioned the Taiwan question in the part of his report "The International Situation and Diplomatic Work," reiterating that "the Taiwan question has always been the most sensitive and important issue in Sino-U.S. relations," pointing out "only when the three joint communiques are strictly observed and when the two sides respect each other and refrain from interfering in each other's internal affairs will Sino-U.S. relations experience sound development

[jian kang fa zhan 0256 1660 4099 1455]." This is a signal [xun hao 6061 5714] of solemn warning [yan zheng jing gao 0917 2973 6226 0707] to the United States that it should not interfere in the Taiwan question, which is China's internal affair. Otherwise, as stated above, the Chinese Government and people have the determination and ability to safeguard national sovereignty and territorial integrity.

The part of Premier Li Peng's report on the Taiwan question contains some 450 characters and is considerably longer than the previous two reports. Most of it is devoted to explaining the principle of one China and carries a strong message of serious warning [yan zhong jing gao 0917 6850 6226 0707] to the splitist force on Taiwan Island.

PRC: Anti-Taiwan Independence Group Founded in Hong Kong

OW0703043296 Beijing ZHONGGUO XINWEN SHE in Chinese 0628 GMT 6 Mar 96

[FBIS Translated Text] Hong Kong, 6 Mar (ZHONGGUO XINWEN SHE) — About 100 persons from Taiwan, Hong Kong, the United States, and Japan who are concerned with cross-strait relations and the future of Taiwan attended a meeting for the founding of the "Global Alliance Against Taiwan Independence" in Hong Kong today.

The meeting called on the Chinese people at home and abroad to unite with each other to resist all kinds of activities standing for and giving an impetus to "Taiwan independence", resist the collaboration of pro-"Taiwan independence" forces with other forces aimed at splitting China, and resist any attempts made by foreign forces to intervene in China's internal affairs or to create "two Chinas" or "one China one Taiwan".

In the declaration of its founding, the "Global Alliance Against Taiwan Independence" pointed out that Taiwan has been part of the Chinese territory since ancient times, whereas the crux of the call for "Taiwan independence" lies in severing Taiwan from China to found a "Taiwan state". Generations of the Chinese people have expended all their energies and sacrificed their lives to build and defend Taiwan. Taiwan sorely fell into imperialists' hands twice because of feudal dynasties' ignorance and the weakening of national strength, but today, at a time when China's national strength is getting stronger and stronger, every patriotic Chinese will not allow Taiwan to be "independent" of China and to break away for the third time.

The declaration stressed that the current misunderstandings and cognitive differences across the Straits can be ironed out step by step through the two parties'

joint efforts; and likewise, their reintegration can be accomplished by building up consensus. However, all these must be done on the premise that the fundamental barrier causing antagonism — "Taiwan independence" — must be removed, because it will trigger internal strifes in Taiwan and lead Taiwan to the abyss of self-degradation and self-destruction.

Participants of the meeting today unanimously called on the Taiwan authorities to make clear their anti-"Taiwan independence" stand and stop saying or doing anything indecent which have the implications of pro-"Taiwan independence." The authorities should sincerely communicate and exchange with the mainland motherland in every aspect and establish peaceful cross-strait relations on this basis to strive for reunification across the Straits.

Wang Jinping [3769 3160 1627], chairman of the meeting, said: After its founding, the "Global Alliance Against Taiwan Independence" will keep making efforts to unite the strength of the Chinese people at home and abroad to campaign against "Taiwan independence" and to make contributions to the early realization of a reunified China.

The following domestic and overseas groups sent congratulations to the meeting today: The Hsiao Chao Club, the Alliance for China's Reunification, the New Alliance Society, the publishing house of the journal HAIHSIA PINGLUN [cross-strait commentary] from Taiwan, and the Research Society of China's Political Tactics from Los Angeles, the United States.

PRC: Further on Hong Kong Anti-Taiwan Independence Group

OW0703041996 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0459 GMT 6 Mar 96

[By reporter Zhang Suifeng (1728 4482 1496)]

[FBIS Translated Text] Hong Kong, 6 Mar (ZHONGGUO TONGXUN SHE) — The "Global Alliance Against Taiwan Independence" [fan tai du quan qiu lian meng 0646 0669 3747 0356 3808 5114 4145], which was organized and formed by a group of Chinese at home and abroad who are concerned about cross-strait relations and the future of Taiwan, called an inaugural meeting in Hong Kong today to appeal to the Chinese people at home and abroad to pool their strength to resist all kinds of pro-"Taiwan independence" calls and collaboration between pro-"Taiwan independence" forces and other forces aimed at splitting China, and to object to any attempts made by foreign forces to create "two Chinas" or "one China one Taiwan" or to get involved in activities aimed at splitting China.

Members of the preparatory committee of the "Global Alliance Against Taiwan Independence" mainly come from the United States, Taiwan, Hong Kong, and Japan. According to the "Declaration of Founding" issued by the alliance today, the two sides of the Straits can get rid of their current misunderstandings and confrontation and reintegrate with each other by building up consensus. However, "Taiwan independence" is the fundamental barrier standing in the way. The declaration pointed out that "Taiwan independence", which does not accord with the law of historical development across the Straits over the past centuries, is a chip used by international powers to contain China as well as a means opposing the people of Taiwan to their 1 billion-strong compatriots on the mainland. Wrapped under the cloak of autonomy and self-determination, it is, in essence, aimed at

severance and dissolution. Moreover, "Taiwan independence" is the source of internal conflicts in Taiwan and the development of which will bring about a war crisis, further polarize society, and lead Taiwan to the abyss of self-degradation and self-destruction.

For the sake of the Taiwanese people's immediate interests and the long-term future of the compatriots across the Straits, the "Global Alliance Against Taiwan Independence" called on the Taiwan authorities to make clear their anti-"Taiwan independence" stand and stop saying or doing anything with the implications of pro-"Taiwan independence". At present, the two sides of the Straits should join hands in fighting against "Taiwan independence" and take it as the principal goal, and develop peaceful cross-strait relations on this basis.

Taiwan: DPP Calls World's Attention to Beijing Threat

OW0703022896 Taipei CNA in English
0114 GMT 7 Mar 96

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — The opposition Democratic Progressive Party (DPP) on Wednesday [7 March] urged the international community to condemn Beijing for its imminent missile tests on Taiwan's doorstep.

The pro-Taiwan independence party faxed its message to foreign embassies and representative offices in Taipei and to major world news organizations, political parties and parliamentarians early in the morning.

The DPP said Beijing's March 8-15 surface-to-surface missile tests will threaten Taiwan's security because the two targeted splash zones are just 19 nautical miles off the northern Taiwan port of Keelung and 28 nautical miles off Kaohsiung on southwestern Taiwan coast.

"We are grateful for the concern shown by foreign news media and parliamentarians over Taiwan's security in past years. But we hope foreign governments can express a clear-cut attitude toward Beijing's military intimidation of Taiwan," the DPP said, adding that "ambiguous diplomatic moves" may not only lead to "miscalculations," but may also prod Beijing to further heighten its threat against Taiwan. "Should such a scenario happen, at stake will not only be Taiwan's security but also political stability and economic prosperity in the entire east Asia region."

The DPP has also asked people around the world through the Internet to condemn Beijing's human-rights violations, its military intimidation of Taiwan, and its sales of nuclear weapons to Pakistan and Iran. "The world should not turn a blind eye to all these moves," the DPP said.

Taiwan: MAC Issues Internet Statement on PRC Missile Tests

OW0603125896 (Internet) Mainland Affairs Council of Taiwan WWW in English 5 Mar 96

["Press Release — Mainland Affairs Council, The Executive Yuan, March 5 1996"; from the "Press Release" link]

[FBIS Transcribed Text] The Mainland Affairs Council [MAC] firmly opposes and condemns today's announcement by the XINHUA News Agency that the Beijing regime will conduct missile tests in waters to the northeast and southwest of Taiwan, from March 8 to 15. We demand that Beijing pull back before it is too late and

immediately halt this kind of dangerous action, or bear responsibility for the consequences.

Since July 1995, the Beijing regime has carried out a series of unjustifiable and irresponsible actions in the Taiwan Strait. This has not only created feelings of extreme antipathy toward the Beijing authorities among the people of Taiwan, it has also harmed mainland China's own development as well as the friendship between people on both sides of the Taiwan Strait. It is hampering further progress toward national unification and affecting peace and stability in the Asia-Pacific region.

The Mainland Affairs Council believes that by repeatedly using military means to exert pressure on the Republic of China, Beijing is trying to influence popular feeling and to obstruct the development of our constitutional democracy, including the presidential and vice presidential election and the election of the National Assembly. We are genuinely eager to promote improved relations across the Taiwan Strait, but we absolutely refuse to be threatened; we wish to continue to build up friendly bilateral interaction, but we refuse to yield in the face of unreasonable behavior. We call on the people of the Republic of China to recognize what Beijing is attempting to do, to have firm faith in democracy, to unite together and refuse to knuckle under to Beijing's threats. We should conduct the elections as scheduled and continue to promote the development of our nation.

Taiwan: MOFA Seeks International Pressure on Missile Tests

OW0703025896 Taipei CNA in English
0244 GMT 7 Mar 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — The Ministry of Foreign Affairs on Wednesday [6 March] called on the international community to voice its concern about the missile tests planned by Beijing near Taiwan.

The appeal is mainly intended to call the world's attention to the military threat the People's Liberation Army poses to Taiwan, thereby putting pressure on Beijing. Foreign Ministry spokesman Rock Leng said. He described the tactic as "preventive diplomacy."

"If more and more countries would take the action, Mainland China, as a member of the international community, may have to adjust its measures," Leng said.

He said, however, that if the strategy fails to stop Beijing's hostile overtures, the United States and other for-

eight countries will supply Taiwan with more advanced weaponry.

"All we need is moral support and materials from the international community," Leng said, adding that it is Taiwan's own obligation to safeguard the security of the nation — an apparent attempt to alleviate fears that foreign countries could be dragged into an armed conflict in the region.

Asked whether the government has any plans to ease tensions via third parties, Leng said, "having a mediator involved at the moment would be as fruitless an approach as the Chinese saying of 'climbing a tree to catch a fish'."

The U.S. House of Representatives on Tuesday introduced a nonbinding resolution demanding that the U.S. military come to Taiwan's defense in the event of an invasion, missile attack or blockade by Mainland China.

But observers here said they doubted Beijing would halt the planned missile tests simply because of international pressure. Despite the condemnation of some countries, the PLA fired missiles into waters off Taiwan in two separate military drills last July and August.

Taiwan: Taipei 'Grateful' to Concerned U.S. Congress

OW0703025396 Taipei CNA in English
0229 GMT 7 Mar 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — Taipei is "sincerely grateful" to the U.S. Congress for its concern about the volatile situation in the Taiwan Strait and Taiwan's security, a spokesman for the Ministry of Foreign Affairs said Wednesday [6 March].

The spokesman was referring to a concurrent nonbinding resolution introduced by the U.S. House of Representatives on Tuesday, demanding that the U.S. military defend Taiwan in the event of invasion, missile attack or blockade by Mainland China.

The resolution, initiated by Rep. Christopher Cox, a California Republican and the chairman of the Republican Policy Committee, was co-sponsored by 30 other representatives from both the Republican and Democratic parties. The resolution says the United States should assist in defending Taiwan as a demonstration of its friendship with and commitment to the democratic government and people of Taiwan.

The spokesman said the resolution fully reflects the U.S. people's support of Taiwan and is highly appreciated.

In fact, he said, many members of the U.S. Congress have voiced their support of Taiwan since Communist Chinese troops launched missiles in two separate military exercises in July and August.

Earlier on Tuesday, Cox and more than 30 Republicans in the U.S. House of Representatives jointly issued a policy statement saying the U.S. will not sit idly by while Beijing continues its hostility toward Taiwan, and that the U.S. stands ready to join in defending Taiwan. The statement also rejected the Clinton administration's policy of maintaining "strategic ambiguity" about what the U.S. might do in the event of an invasion of Taiwan by Mainland China.

The spokesman said he believes that even though the U.S. maintains an "ambiguous" strategy, it does not mean the U.S. does not have concrete plans.

Taiwan: U.S. Warships Reportedly Sail Near Taiwan 5 Mar

OW0703101396 Taipei CHUNG-KUO SHIH-PAO
in Chinese 7 Mar 96 p 2

[FBIS Translated Text] Li Chang-yi, a Taipei County National Assembly candidate, said on 6 March: According to reliable intelligence information, the U.S. aircraft carrier Independence and cruiser Bunker Hill (peng ke 1756 0344) passed through the waters near Taiwan on 5 March. A three-destroyer fleet from Japan will also sail through Taiwan waters on 13 March. These show that both the United States and Japan are gravely concerned about the Chinese Communists' test-firing of missiles. The military, however, said that it had not received any reports in this regard.

Taiwan: Li Urges Calm on PRC Plans To Test Missiles

OW0703033596 Taipei CNA in English
0214 GMT 7 Mar 96

[By Bear Lee]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — President Li Teng-hui said on Wednesday [6 March] that he has spared no efforts in the nation's military development over the past eight years, and that Taiwan will be one of Asia's strongest nations militarily by 1999 or 2000.

Li, who is seeking another term as president, made the remarks at a campaign rally in Putzu, Chiayi county, in central Taiwan. Li is running on the ruling Kuomintang ticket with Premier Lien Chang.

"We will, by then, be using aircraft, warships, tanks and cannons to protect Taiwan, rather than to attack the mainland," he said.

In response to Beijing's plan to hold missile tests in waters near Taiwan from March 8 through 15, Li said that the public should remain calm.

He branded as "cowards" the politicians who have asked Li to resign for "provoking Beijing to take military moves against Taiwan."

He asked his audience to give him the chance to let him "strive with the general populace for another four years to make the republic of China one of the top 10 countries in the world."

Taiwan: Li Teng-hui: PRC Exercises To Use 'Empty Warheads'

OW0703100696 Hong Kong AFP in English
0849 GMT 7 Mar 96

[FBIS Transcribed Text] Taipei, March 7 (AFP) — Taiwanese President Li Teng-hui on Thursday (7 March) urged Taiwanese living near one of two splashdown zones for Chinese missile drills to remain calm because the missiles would be carrying "empty" warheads.

Li, running for a second-term in the March 23 presidential elections, told people in the northeastern city of Yilan that "the exercise is only a show which is meant to scare you ... To see whether you will be confused or frightened."

The missile to be fired in the week-long drill beginning Friday will be aimed at two splashdown zones, one off the northeastern coast and the other to the southwest.

Li said the missiles would carry "empty" warheads and were designed simply to discourage Taiwanese people from voting for him and instead supporting candidates favored by Beijing.

China contends Li is in favor of declaring formal independence for Taiwan, a move which Beijing has said would lead to an invasion.

Military authorities declined comment on Li's remarks, saying only China knows what type of warheads will be used.

Major General Liu Hsiang-pin, director of the Armed Forces University Institute of Strategic Research, said Wednesday that China might use the M-type missiles in the fourth major maneuvers held at Taiwan's doorsteps since July. The M-9 missiles carry 500-kilogram (1,100-pound) conventional warheads and have a range of 360 miles (600 kilometers), Liu cited as an example.

He said the missiles are accurate and are unlikely to miss their targets, in splashdown zones 30 to 60 miles (48 to 96 kilometers) off Taiwan's northeastern and southwestern tips.

But Mainland Affairs Council (MAC) Chairman Chang Ching-yu said stray missiles could not be ruled out, citing that one missile missed its target in China's July missile-firing.

Taiwan also said a full-force air, land and sea exercise along China's southeastern coast will follow the missile exercises in a further attempt to influence the presidential polls.

Observers said the military threats are to show Beijing's anger and warn against pro-independence sentiment on the island, which China has considered part of its territory since it drove nationalist forces here in a civil war ending 1949.

Taiwan: Legislators Urge Special Debate on Missile Tests

OW0703022496 Taipei CNA in English
0207 GMT 7 Mar 96

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — Legislators from the two major opposition parties — the Democratic Progressive Party (DPP) and the New Party [NP] — on Wednesday (6 March) called for a special legislative session on Beijing's imminent missile tests in waters near Taiwan.

The ruling Kuomintang, however, said it opposed such a session because it would only be an exaggerated reaction to the missile tests, which begin on Friday. The KMT lawmakers said Taiwan should keep calm amid the military drills.

Jau Yingwachi, executive director of the KMT policy cooperation committee, asked the DPP and NP "not to create a chaotic situation."

NP caucus convener Yu Mu-ming met with DPP caucus executive director Yen Ching-fu in the morning, reaching a consensus that the parties collect enough signatures in the afternoon to pave the way for the holding of the extraordinary session. An extraordinary session can be called if one-fourth of the members of the Legislative Yuan vote to do so.

Yu said Beijing's March [word indistinct] missile tests — to be conducted near the two major seaports of Kaohsiung and Keelung — are meant as a virtual blockade, and may cause tremendous damage to the country's financial markets, foreign-trade regime and domestic political situation.

The country will fall into a crisis if the situation is not properly handled, he added.

Taiwan: Defense Minister Vows 'To Crush' Mainland Invaders*OW0703023996 Taipei CNA in English
0222 GMT 7 Mar 96***[By Benjamin Yeh]**

[FBIS Transcribed Text] Taipei, March 6 (CNA) — National Defense Minister Chiang Chung-ling on Wednesday [6 March] vowed to crush Communist Chinese troops should they invade Taiwan.

"If the Communist Chinese military takes advantage of its (missile) drills and invades Taiwan, the armed forces are determined to defend our territory," Chiang said in a report to the KMT's decision-making central standing committee.

Chiang's remarks came following Beijing's announcement of missile tests in waters near Keelung and Kaohsiung, Taiwan's two crucial ports, from March 8 to 15.

Chiang termed the impending missile tests "unfriendly" and "provocative," and said they should be denounced.

While calling on Taiwan residents to remain calm in the face of the missile exercises, Chiang also urged the Mainland Chinese military to show restraint regarding the China reunification issue.

"Force must not be used to resolve the issue, instead, political wisdom should be employed to work out a formula that is acceptable to the people on both sides of the Taiwan Strait," Chiang said.

He warned that any "trigger-happy" move taken by the mainland troops would lead to a tragedy for Chinese on both sides of the strait, and that Beijing should be held fully responsible for any possible "grave consequences."

Echoing Chiang's view that the missile tests are part of Beijing's psychological-warfare campaign against Taiwan, Huang Yao-yu, director of the KMT Mainland Affairs Department, called on all Taiwan residents to rally under the government's leadership.

The upcoming military drills are intended to influence Taiwan's first direct presidential election, on March 23. President Li Teng-hui, the KMT nominee, is the frontrunner in the poll.

The fragile cross-strait ties, which improved in the late 1980's, hit a low in the middle of last year after ROC President Li Teng-hui's landmark visit to the United States. The visit was interpreted by Beijing as part of Li's effort to split Taiwan from China.

The holding of the missile tests is also meant to diffuse pressure from the internal power struggle going on in Beijing, Huang added.

Taiwan: Major General: PRC Without 'Causes' To Invade Taiwan*OW0603140996 Hong Kong AFP in English
1244 GMT 6 Mar 96*

[FBIS Transcribed Text] Taipei, March 6 (AFP) — Taiwan's defense ministry said Wednesday [6 March] it did not believe Chinese missile exercises off Taiwan's coast would lead to an attack, as strategists did not believe China had cause to invade the island.

At a defense ministry briefing, Major General Liu Hsiang-pin said China's decision to hold the missile exercises so close to Taiwan's coast was an attempt to prove it had the capability to launch a missile attack against its rival.

"But based on our judgment, they do not have the causes nor the conditions to invade Taiwan," said Liu, the director of the Armed Forces University Institute of Strategic Research.

Liu also downplayed the possibility of a misfired missile causing an accidental confrontation.

He said the M-type missiles China has deployed in central China's Jiangsi province are accurately and were unlikely to miss their targets, in splashdown zones 30 to 60 miles (48 to 96 kilometers) off Taiwan.

The missile exercises announced by China Tuesday are widely seen as an attempt to intimidate Taiwan, which it regards as a renegade province, before March 23 presidential elections.

Beijing has threatened to invade the island if it declares formal independence, a goal it says is supported by Taiwanese President Lee Teng-hui [Li Teng-hui]. Lee, who is running for re-election, denies the claim.

Taiwan: PRC To View Missile Interception as 'Act of War'*OW0703130996 Taipei LIEN-HO PAO in Chinese
7 Mar 96 p 3*

[FBIS Translated Text] The Chinese Communist military has disclosed: The Taiwan military's interception of Chinese Communist missiles or ships involved in the 8-15 March missile-testing exercise will be viewed as an act of war.

A Chinese Communist military source described as "explosive" the current military situation across the Taiwan Strait. If the cross-strait tension escalates, any future missile test-firing will have more than two splashdown zones.

It has been disclosed that the Chinese Communist Navy and Air Force will help coordinate the missile exercise.

Troops in Fuchien [Fujian], Kuangtung [Guangdong], Chechiang [Zhejiang], and Hainan have been placed in a higher state of alert.

The source with the Chinese Communist 2d Artillery Corps (missile unit) disclosed: Last year, the Chinese Communists made 35 missiles available for use in the upcoming exercise in the Taiwan Strait and in any contingency that may arise. Mainly of the M class, these missiles have different firing ranges. Only some of them will be used in the upcoming exercise, while the rest will be placed on standby. The cost of making these surface-to-surface tactical missiles averages some 20 million yuan apiece.

The missiles will have different ranges. They will be fired from 2d Artillery Corps bases in various parts of the mainland. The Navy's East China Sea fleet and South China Sea Fleet and their air units will take part in the exercise. The South China Sea Fleet will coordinate the exercise in the splashdown zone near Kaohsiung, while the East China Sea Fleet will coordinate the exercise in the splashdown zone near Keelung. While refusing to say explicitly whether the missiles would pass over Taiwan Island, the source said that they would be fired strictly according to plan to avoid hurting ordinary people.

The Chinese Communist military thinks that for some time to come, Taiwan will not be able to intercept surface-to-surface tactical missiles. The source warned: Even if Taiwan is capable of doing so, it should not take risks because the Chinese Communists may view interception as an act of war.

The source also revealed: The exercise involving surface-to-surface tactical missiles, which will begin on 8 March in the East China Sea and the South China Sea, is only the first wave. The Chinese Communists will conduct more military maneuvers before Taiwan's presidential election on 23 March. Because these maneuvers will not affect international shipping lanes, they will not be reported in advance as was the case with the missile exercise.

Taiwan independence and interference by foreign countries will be the decisive factor in a Chinese Communist attack against Taiwan. Should such circumstances arise, missile attacks and preemptive strikes for intimidation purposes are likely to be the preferred actions. The cross-strait situation has not yet come to this pass. The Chinese Communists expect Li Teng-hui to win the election. They are using verbal attacks and military threats as an important bargaining chip in forcing Taiwan to make concessions and hold talks on peaceful reunification after the election.

The Chinese Communists are closely following U.S. reaction on the Taiwan issue.

Taiwan: Official Hints PLA Could Fire M-Type Missiles

OW0703031096 Taipei CNA in English
0248 GMT 7 Mar 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, March 6 (CNA) — The military spokesman's office hinted in a statement released on Wednesday [6 March] that Beijing may use M-type missiles in its upcoming military drills.

The office did not say which M-type missiles may be fired in the impending tests, which begin Friday. The People's Liberation Army [PLA] fired several M-9 missiles into waters northeast of Taiwan in a military drill last July.

According to a backgrounder provided by the office, an M-9 guided missile has a range of up to 600 kilometers and can carry 500 kilograms of explosives.

The office said the military is scheduled to commission the U.S.-built Patriot anti-missile air-defense system before the year's end, but stressed that no anti-missile system now available in the world is capable of fully destroying guided missiles.

The office urged the general populace to step up psychological defense in the face of the military drills. The splash zones of the missile tests are located about 30-50 nautical miles west of the island at the south end of the narrow Taiwan Strait separating Taiwan from Mainland China, and in an area about 20-40 nautical miles off northeast Taiwan.

Taiwan: Taiwan Considered at Risk Despite Military Buildup

96CM0172A Hong Kong KUANG-CHIAO CHING
[WIDE ANGLE] in Chinese 16 Dec 95
No 279, pp 20-25

[Article by Yu Bo (3768 1591): "Taiwan No Military Match for Mainland"]

[FBIS Translated Text] Tension Rises in the Strait of Taiwan; Li Teng-hui Scrambles to Prepare for War

Li Teng-hui's [2621 4098 6540] trip to the United States and his intensified "one China, one Taiwan" activities have renewed tension in the relations between the two sides of the straits, which had been easing off earlier. Already the Chinese Communists have conducted several military exercises in close succession

and in Taiwan Li Teng-hui has issued calls for war preparation.

The Core of Taiwan's Current Military Strategy

At the heart of Taiwan's current national defense strategy are air defense, control at sea, and anti-landing warfare.

Air defense. Taiwan concentrates on improving the "Ching-kuo" fighter plane; researching and developing surface-to-air missile and air-to-air missile systems and the comprehensive command, control, communications and intelligence (3C&I) system; fully automating ground-based air defense equipment; enhancing the electronic interception capability and anti-electronic interception capability; gradually phasing out stationary radars and deploying mobile 3-D radar to improve low-altitude surveillance; and building full-fledged underground air force bases to the east and west.

Control at sea. The emphasis is on fleet-based air defense, interception at sea, anti-submarine warfare, mine warfare. Weapons upgrading: Topping the list are the "Kuang-hua I," "Kuang-hua II," and "Kuang-hua III" projects. Taiwan also is working to increase monitoring personnel at sea and on land to prevent infiltration by special agents from the Chinese side.

Anti-landing warfare. Taiwan would continue to consolidate its edge in ground and air firepower support and its mobility and develop a preset tank gun platform. It would deploy surface-to-air and surface-to-surface missiles outside Taiwan, phase in new surveillance/reconnaissance installations, and strengthen patrol to prevent infiltration, arms-smuggling, sabotage, and subversion.

Taiwan's Fragile Air-Defense System

Taiwan's existing "Tianwang" air defense system, completed in 1980, is an all-round automated air defense system designed and installed by the Hughes Corporation of the United States. The entire system consists of 21 radar stations scattered among the islands, including Taiwan itself, Penghu, and even Quemoy, Matsu, and Tong-yin. A broad sweep of the area, from Vladivostok in north Pacific to Vietnam's Gulf of Tonkin (that is, Beibu Wan) in the south, is under the continuous surveillance of the "Tianwang" system. Starting in 1988, the Taiwan military made another effort to strengthen the "Tianwang" air defense system by spending \$110 million to integrate the command and control of the air defense resources of the three armed services—army, navy, and air force. It also modernized the war command computer by adopting the automatic war command expert systems software developed by the Chung-shan Science Institute. However, based on unofficial assessments by the Taiwan military, if the Chinese

Communists decide to hit Taiwan with "M" missiles launched from the coast, Taiwan would have less than three minutes of warning time. Missiles cannot be intercepted readily; even America's Patriot anti-ballistic missile is no match for China's guided missiles. In any case, with a maximum speed of Mach 5, the Patriot guided missile cannot basically do anything to stop China's long- and medium-range guided missiles which have a terminal speed of between Mach 7 and Mach 24. As far as Taiwan is concerned, the best defense against a missile attack is to prolong the advance warning time and step up civilian defense exercises. This is why the Taiwan air force paid \$20.5 billion [new Taiwan dollars] to buy four E-2T AWACS [airborne warning and control systems] from the U.S. Navy and Grumman Corporation. So far the first batch of two AWACS numbered 2501 and 2502 respectively has been delivered to Taiwan. The planes are equipped with an APS-145 advance warning radar system. They can detect planes from an effective distance of 450 kilometers. The radar detection area is 2.4 million cubic kilometers of air space or 384,000 square kilometers of sea or land surface. General Huang Hsien-jung [7806 7359 2837], commander in chief of the Taiwan air force, claims that after the E-2Ts join his fleet of reconnaissance planes, the airborne advance warning time will be extended to 25 minutes because the planes' reconnaissance range reaches the second-front airports along the mainland's southeastern coast (west of Wuhan Airport). Furthermore, the E-2T can stay airborne for as long as six hours, track 2,000 targets at the same time, and control 40 intercepting missions. In conjunction with the C-130 electronic fighter plane, it can execute such missions as electronic interference, electronic wave interference, and anti-radar operations. In terms of tactical deployment, the E-2T can be coordinated with the radar on a fighter plane to lengthen the reaction time in combat air space. The problem is that even the AWACS cannot remain airborne indefinitely. With the Chinese Communists bombing Taiwan's several airports and jamming their radio communications incessantly after war breaks out, even the AWACS would not be able to do much.

Following two rounds of missile testing by the Chinese Communists in the East China Sea, Taiwan is scrambling to build an even more advanced anti-missile system. Besides purchasing an improved version of the Patriot guided missile (PAC-2+) from the Raytheon Co. in the United States, it is considering introducing the theatre high-altitude area defense system, or THADD.

Taiwan Has Fewer Than 800 Fighter Planes

The Taiwan air force has fewer than 800 fighter planes, relying mainly on about 300 F-5E fighter jets, manufactured in the United States but assembled in

Taiwan, 150 F-104Gs, 80 or so IDF jets, and 60 AT-3 fighter planes. Taiwan pins its hopes for a beefed-up air force on the 150 F-16A/B jets that it has ordered from the United States. According to reports, it is the opinion of President Liu Shi-hai [0491 2562 2522] of the Chung-shan Science Institute that in the event of an air war over the Strait of Taiwan, the F-16A/Bs may not perform as well as the F-15s. On the other hand, General Dynamics Corporation says that the F-16/Bs sold to Taiwan are an improved version having undergone a MLU (mid-life update), meaning that improvements were made to the performance of its many systems, including the computer, data topographic system, global positioning system, microwave landing system, and the cockpit. It is also fitted with a Pratt-Whitney F100-PW-200 engine. It has been described as a superior plane whether in terms of avionics and firepower control or in terms of endurance and combat radius and is said to be suited for Taiwan's air defense needs. In some categories of operational capability, it may even surpass the more advanced F-16C/D used by the U.S. Air Force itself. In addition, Taiwan has ordered 60 Mirage 2000-5 jets from France. Production went under way in 1994 and delivery is scheduled to begin in 1996. A single-engine multi-functional fighter plane, the Mirage 2000-5 features an advanced cockpit, an integrated electronic warfare system, and a RDY radar, and can attack four targets simultaneously.

IDF Plagued by Frequent Accidents

Taiwan's very own "Ching-kuo" IDF [indigenous defense fighter] is a hybrid as far as its external appearance is concerned. The nose of the fighter jet is a replica of the F-20A Bullhead Shark through and through, its body, wings, and vertical tail surface are clearly lifted from the F-16, while the cowl-like shape of its cockpit hood and vertical tail wing and its girth near the entrance to the two engines are sheer imitations of the French-made "Whirlwind" fighter plane. The IDF is superior to the F-5E in airborne performance. It is equipped with a GD-53 radar, which evolved from the APG-67 and is essentially similar to it in performance. The APG-67 radar uses common pulse Doppler technology at X wave band and has 15 operational modes in all, eight air-to-air and seven air-to-ground. It can also operate at three different pulse repetition frequencies (PRF)—high, medium, and low—depending on whether the plane is looking up, looking down, or involved in a dogfight in the air, respectively. In a looking-down position, the plane has an effective scanning range of 39 kilometers; looking up, 57 kilometers. The eight air-to-air modes are as follows: searching and range finding while looking down, searching and range finding while looking up, speed searching, tracking (10 targets) and

scanning simultaneously, dogfight, tracking a single target, surveying the situation, and continuous-wave indicator interfacing. The seven air-to-ground modes are as follows: real wave velocity topography, Doppler wave velocity sharpening, air-to-ground range finding, moving surface target indicating, freezing, and searching for target at sea surface. The IDF uses the triple fully digital line transmission flight control system with a similar framework to the JA39. That system controls seven primary activators and three secondary activators and has a reliability range of 2000 hours. Despite its compact and light external design, the IDF is fitted with two large engines short on propulsive force. Its excess body weight has made the plane accident-prone. Although it has not yet been determined if the engine was the cause of the accidents, Taiwan continues to make the planes. Production is scheduled to end by 1997.

Taiwan's Guided Missile System

Apart from fighter planes, Taiwan plans to seize control of the air with the army's "Goddess of Victory" surface-to-air missile, "Heavenly Bow" II surface-to-air missile, Hawk surface-to-air missile, Sparrow surface-to-air missile, "Chaparral" surface-to-air missile (supplemented by the Lai-zi low-altitude air defense radar vehicle), and "Heavenly Sword" air-to-air missile. At sea, it relies mainly on the "Hsiung-feng" ship-to-ship missiles, "Standard" ship-based anti-aircraft missiles, "Hai-lan" ship-based anti-aircraft missiles, and "Hsiung-feng" anti-ship missiles.

The "Heavenly Bow" surface-to-air missile and the "Heavenly Sword" air-to-air missile were developed and produced by Taiwan. The "Heavenly Bow" surface-to-air missile has a body and launching box similar to those of the Patriot guided missile and come in two systems, radar-guided or infrared ray-guided. The "Heavenly Sword I" air-to-air missile is akin to the U.S. AIM-9L Rattlesnake guided missile and the "Heavenly Sword II" air-to-air missile is in the same class as the AIM-120A. The infrared ray target finder in the "Heavenly Sword" missile uses liquefied ammonia, with the sensing and detecting devices inside cooled to minus 200 degrees centigrade, which makes them ultra-sensitive to heat sources.

Raytheon Co., the American firm, is currently working on phase three of the project to upgrade the Hawk missile for the Taiwan Army, on the improvement of the air defense missile system (MADS/Patriot 2+ system), and on the Sparrow intermediate-range air-to-air missile (AIM-7M). Furthermore, under the contract entered into by Taiwan for the purchase of French-made Mirage 2000-5 fighter jets, Taiwan will also acquire as many as 1,000 MICA and MICA II air-to-air missiles.

Meanwhile, to strengthen the air defense capability of its field army, Taiwan has decided to buy more than 100 sets of "Northwest Wind" anti-aircraft missile systems from Matela Company of France. Related technical and sales details are still being negotiated but the two sides are expected to sign a contract in a few days. Separately, there are reports that Taiwan has secured through a special pipeline a substantial number of FIM-92B (Post) one-soldier portable short-range infrared ray target finding air defense missiles.

Sources say that the Chung-shan Science Institute has been conducting nuclear weapons research all along. Although Taiwan has the capability to produce nuclear weapons, it does not possess such weapons at the moment. However, it is certain that Taiwan has a delivery system.

Taiwan's Naval Vessels and Equipment

The Taiwan Navy is in the midst of an intense buildup revolving around the implementation of Project "Kuang-hua." Under "Kuang-hua I," eight warships modeled on American vessels were assembled in Taiwan. The first warship, christened "Cheng-kung," was put into service in May 1993. Thus far "Cheng-he," "Chi-kuang," as well as "Cheng-kung" have been enlisted for active duty in the navy. Four other vessels are slated for completion by November 1998. Plans for the eighth warship, "Dantian," have been scrapped. Under "Kuang-hua II," six Lafayette cruisers and patrol vessels are to be built in France. The first, "Kang-ting," was launched in March 1994 and will be delivered to Taiwan for use in 1996. Afterward one ship will be completed and delivered to Taiwan every four months all the way up to July 1998, when the project is scheduled for completion. Project "Kuang-hua III" consists mainly of the construction of 12 500-ton cruisers to be used in coastal waters. The first cruiser, "Chin-chiang," was completed in December 1994 and has been put into service. In addition, Taiwan has leased six Nokesi ships from the United States. They have been named "Shen-yang," "Feng-yang," "Fen-yang," "Lan-yang," "Hai-yang," and "Huai-yang," and all are currently on active duty. Taiwan also has 27 old destroyers, 10 patrol boats, eight submarine chasers, four ocean-going minesweepers, two U.S. Kupi 2 diesel-powered submarines, two "Hai-long" class submarines, which is an improved version of a Dutch submarine, and dozens of high-speed attack vessels.

Ship-based weapons consist mainly of the following: "Hsiung-feng 1" and "Hsiung-feng 2" anti-ship missiles, "Standard" anti-aircraft missiles, "Hai-lan" anti-aircraft missiles, ASROC anti-submarine rockets, 127mm chaser guns, 76mm quick guns, 40mm quick guns, MK-15 battle array close-range weapon system,

T-75 machine guns, CR-201 interference rocket launchers, STN "Penguin" submarine chasing sonar system, AN/SLQ-32 electronic warfare system, H-390 I assault weapon control system, RCA HR-76 tracking radar, Sukeno DAO-8 air defense scanning radar, Westinghouse AN/SPS-58 water surface scanning radar, Westinghouse W-160 firing control radar, Kelupu SQS-21 bow sonar and the "Chang-feng 3" variable electronic combat system.

The maximum range of the "Hsiung-feng 1" anti-ship missile is 48 kilometers, while that of "Hsiung-feng 2" is 160 kilometers. The latter is fitted with a French-made turbojet engine and booster. It can hold more fuel than the American-made Harpoon [Yu-cha 7625 0634] missile. The fact that it is equipped with a thermal imaging sensor also gives it a higher percentage of hits.

Anti-Submarine, Anti-Mine, and Anti-Landing

Anti-submarine. The Taiwan Navy's most important pieces of hardware are the S-2 anti-submarine patrol plane and the S-70C(M)1 and 500 MD anti-submarine helicopters. The S-2T anti-submarine patrol plane is fitted with an AN-AAS-40 front-viewing infrared ray detector. The S-7C(M)1 [as published] anti-submarine helicopter is equipped with a sonar. The 500 MD anti-submarine helicopter has a scanning detector, an AN/ASQ-81 MAD (magnetic detector), and two MK46 anti-submarine torpedoes. In addition, there are the ASROC anti-submarine guided missile and the Italian-made Paitou torpedo and German KAE passive sonar mounted on submarines.

Unisys Corp., the American company, has proposed that the Taiwan Navy set up a mine command center on land to be responsible for gathering sonar and hydrological data under the harbor and in the waters of the sea lanes in peace time and take charge of coordinating the operations of anti-mining units in wartime. Unisys also plans to ask Feiyate Company to upgrade the SQ-14 sonar on board Taiwan's "Yung" class MSO ocean-going minesweepers into the T-type.

Anti-landing. Taiwan's principal anti-landing weapons are the following. Air force: AT-3 attack planes (armed with shrapnel and gasoline bombs). Army's air unit: AH-1W Supra-cobra attack helicopters, OH-58D "Chiou-wa Warrior" search and attack helicopter, Hellfire missile, "Hsiung-feng" anti-submarine missile, Worker Bee 6 multi-tube rocket, and 203mm, 155mm, and 105mm howitzers.

The "Hsiung-feng 1" and "Hsiung-feng 2" missiles have been deployed on land. The first batch of "Hsiung-feng 2" missiles are deployed on Tung-yin Island. All coastal

defense missiles keep in close touch with the Chung-shan Science Institute's UPS-60(X)C coastal monitoring radar and helicopters.

Taiwan Army's Weaponry

Apart from the guided missiles mentioned above, the arsenal of the Taiwan Army includes the following. Military vehicles: M-48H "Yung-hu" armored vehicle, CM26 armored command vehicle, CM21 armored infantry military vehicle, CM25 armored towed missile carrier, M9 combat engineer vehicle, M-113 armored troop carrier, V150 armored troop carrier, CM23 mortar vehicle, CM24 ammunition carrier, M88 A1 armored rescue vehicle, LVTP 5 amphibious-landing troop carrier; LVTP SR1 landing gun vehicle; LVTP 5E1 mine-sweeping car, LVTH6 machine gun carrier, LVTE1 engineer vehicle, LVTP5R relief vehicle, FDCV shooting command vehicle, M48A armored bridge-building vehicle, MWS-2000 mobile meteorological vehicle.

Guns: M10 203mm self-propelled gun, M09A2 155mm self-propelled gun, 105mm towed howitzer, Worker Bee 6 45-tube rocket.

Tanks: M-24 light tank, M-41 light tank, M-48 mid-sized tank, M-48H main battle tank, and M-60A3 main battle tank. The M-48H main battle tank uses the M-60A3 tank body (with automatic transmission and diesel engine) and is fitted with a Taiwan-made gun turret. Inside there are a radar gun-sight, made by Texas Instruments, a tank thermal imaging system designed by the Chung-shan Science Institute, a ballistic computer, and firing control system.

Taiwan is working intensely to upgrade the capabilities of its CM21 series of armored vehicles in cooperation with United Defense LP, an American company. By the time the project is completed, the CM21 is expected to meet the power standards of the M-113A3. Furthermore, Taiwan has purchased from United Defense LP a batch of M-109A5 self-propelled guns and may even participate in the M-109A1/A2 self-propelled gun upgrading project.

Sources say that United Defense LP along with two other arms makers, Giat, a French company, and Textron, based in the United States, plan to bid for Taiwan's order for 500 to 800 105mm gun-mounted light military vehicles. The United Defense's XM8AGS is seen as a leading candidate, which Taiwan may buy to replace its aging M-24 military vehicles.

The army is mainly equipped with these light weapons: XT81 hand-held mortar, T75 handgun, T77 submachine gun, T74 machine gun for platoon use, T75 machine gun for squad use, 65K2 rifle, and XT86 rifle.

Wide Military Gap Between Two Sides of Strait; Taiwan Cannot Survive Protracted War

China is catching up with the United States in its long- and medium-range guided missile technology, which is capable of hitting the entire Taiwan island. Taiwan lies within the range of every class and type of Chinese missiles. Given its existing air defense capability, Taiwan will simply be unable to intercept guided missiles launched from the mainland. Once fighting breaks out, the Taiwan military will find itself in a passive and vulnerable position. Taiwan's airports, naval ports, wharves, military facilities, power stations, and the Presidential Palace...all will become targets of attack, with its military powerless to mount a counterattack.

Despite its \$100 billion in foreign exchange reserves, Taiwan experiences enormous difficulties when it comes to shopping for arms. The overwhelming majority of Western nations which have diplomatic ties with Beijing dare not openly sell weapons to Taiwan, in part out of consideration for their own relations with Beijing, no doubt, and in part because of pressure from the United States. Consequently, Taiwan's search for advanced weaponry is an uphill battle.

Taiwan's military forces, from the rank-and-file soldier to commanders of the three armed services, have not fought a war for a long time. In contrast, China's PLA has a wealth of combat experience, having fought large-scale wars like the Sino-Indian and Sino-Vietnamese border wars and been involved in small-scale actions such as the fighting to defend Zhenbao Island and the battle to retake the Spratly Islands. A war is won or lost not by weapons alone, but also by the caliber of the troops. Not only does it lack combat experience, but the Taiwan military these days must also grapple with such problems as soldiers doing drugs, escaping, and committing suicide as well as rampant factionalism. On average 1.29 soldiers die each day for non-combat reasons, or an entire battalion a year. Then there are the longstanding problems of the failure of the military academies of all three services to meet recruitment goals and the scarcity of outstanding military officers.

Overall, notwithstanding its endless defense build-up, Taiwan is far inferior to Mainland China in military power on a quantitative level. Even in terms of level of sophistication, it has not overtaken the mainland. Other factors are its close geographical proximity to the mainland, the smallness of its territory, and its dependency on outside raw materials and energy. No matter how tight its defense may be, Taiwan will not last long if war breaks out in the strait. All China has to do is to wear it out with a war of attrition. In the final analysis,

therefore, the ever-growing Taiwan military budget and its all-out quest to buy this or that weapon will do precious little to shift the military balance between the two. They are more political posturing by a Li Teng-hui eager to win the presidential election than a real move to strengthen Taiwan's military. The ancients say, "War, an ominous thing." As far as Taiwan is concerned, the safest course of action is not to build up its military muscle, but to give up Taiwan independence and enter into a dialogue with the mainland. The way to survive, and the smart move, is to turn hostility into friendship.

Taiwan: Residents Stockpile 'Safe Currencies' Before Drill

*OW0703094096 Hong Kong AFP in English
0906 GMT 7 Mar 96*

[FBIS Transcribed Text] Taipei, March 7 (AFP) — Taiwan residents besieged banks and gold shops Thursday [7 March] to stock up on safe currencies and precious metals ahead of China's missile exercises intended to worry the nationalist island.

Press reports said queues formed at gold dealers and banks where the U.S. dollar was in heavy demand with tense members of the population.

CitiBank said it had set limits for dollar purchases as demand had been so high.

The state-run Hua Nan Bank said the surge in demand had sapped their supplies of U.S. dollars and there would not be more until next week. Demand was said to be 20 times higher than normal.

But banking officials said the general demand for dollars could be met.

The UNITED EVENING EXPRESS said two CitiBank branches imposed a 1,000 U.S.-dollar exchange limit for clients and that those without an account were refused greenbacks.

As dollars ran out attention in central and southern Taiwan switched to gold bars, with dealers enjoying 60 to 70 percent increase in sales, the EXPRESS said.

Despite the surging demand for the U.S. dollar caused by the escalating tension with China, the exchange rate between the Taiwan dollar and the greenback closed at 27.5 Thursday, unchanged from the previous day. This followed intervention by the central bank.

China is due to start the missile exercise into target zones north and south of Taiwan from Friday.

Taiwan: Taipower: Nuclear Plants Safe From PRC Missiles

*OW0703103396 Taipei CNA in English
0944 GMT 7 Mar 96*

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, March 7 (CNA) — Taiwan's three nuclear power plants should be safe from any harm that may be inflicted by Communist China's missile tests beginning Friday [8 March], the state-owned Taiwan power company said Thursday.

Although Taipower's first and second nuclear power plants are located in the coastal areas in northeastern Taiwan, about 80 and 70 kilometers away from the splash zone of the missile tests, the two plants will still be safe should Beijing missiles go astray due to the distance, a Taipower spokesman said.

Judging from weaponry documents, the normal error margin of the existing surface-to-surface missiles is between 300 and 600 meters, the spokesman noted.

The spokesman said even though the missile testing prove faulty and thus cause the missiles to mistakenly land on the nuclear plants, there still will be no threat to security to the plants as reactors, the hearts of nuclear power plants, are securely protected by bomb-proof concrete coverage. [sentence as received]

The third nuclear power plant, located on coast of Hengchun on Taiwan's southern-most tip, is even more safe with a farther distance from the second missile splash zone, which will be about 30-50 nautical miles off southwestern Taiwan, the spokesman added.

Meanwhile, officials from Taipower's emergency power supply committee said the company is well-prepared for any emergency situation that may arise from the missile tests. Once power supplies are interrupted, the automatic (super communications and data acquaintance) system will start working and help resume power supplies, they noted.

In addition, the officials said Taipower has sufficient stocks of fuels for power generation, which include coal for at least 60 days of consumption, fuel oil for 45 days, and uranium fuel enough for 14 to 16 months of use.

Taiwan: President Li Teng-hui Denies Dictatorship Claim

*OW0703025196 Taipei CNA in English
0145 GMT 7 Mar 96*

[By Maubo Chang]

[FBIS Transcribed Text] Chiayi, March 6 (CNA) — President Li Teng-hui, who is running for re-election

on the Kuomintang ticket, disputed here on Wednesday [6 March] claims that he is a dictator, arguing that no dictator would have terminated the period of national mobilization for suppression of the communist rebellion, as he did, or pushed presidential term limits.

Li said at a campaign rally of businessmen that if he is — as his political rivals have claimed — a dictator, he would not have been so foolish as to open the political stage to all parties and let them compete equally, nor have allowed a direct presidential election, plunging himself into the present fierce campaign.

Li said he has set up a long-lasting system for future generations that a dictator would never have even attempted.

He said he is confident that voters have enough wisdom to disregard the "groundless allegations."

He reminded his audience that Taiwan attained its prosperity only over the last 10 years, which he attributed to his democratization drive.

Li dismissed the slump in Taiwan's real-estate market, saying it is only on the down side of a cycle. The mild recession Taiwan is suffering now, he added, will help to cut down on people's waste and luxurious spending and get society back on the healthy track of thrift.

He also reassured his supporters that the government's measures to bolster the flagging stock market, which has been affected by Beijing's repeated military maneuvers near Taiwan, will produce effects gradually.

Taiwan: SEF Wants 'One China' Issue in Policy Dialogue

OW0703102696 Taipei CHUNG-YANG JIH-PAO
in Chinese 5 Mar 96 p 2

[FBIS Translated Text] On 4 March, the Straits Exchange Foundation [SEF] suggested including in policy dialogue measures for establishing "an offshore transshipment center" and "a special operational zone," as well as the "one China" issue. In view of this suggestion, the Executive Yuan Mainland Affairs Council [MAC] stated: The "one China" concept is our government's established policy. If necessary, the SEF may explain or expound this issue during negotiations between the two organizations from the two sides.

It is reported that relevant agencies are planning and studying matters involved in holding high-level dialogue with the mainland after the presidential election and are making preparations for opening a new chapter in future cross-strait relations. Interpretation of the meaning of "one China" is also in the plan.

New MAC Chairman Chang Ching-yu paid a courtesy call to the SEF on 4 March. The briefing material prepared by the SEF regarding the direction of future work points out: "Ending the state of hostility" is not only the starting point for defusing the current cross-strait tension but is also a near-term primary goal outlined in the National Unification Guidelines. Faced with economic development in the Asia-Pacific region, we should consider including in our "policy dialogue" measures for establishing "an offshore transshipment center" and "a special operational zone" — as part of the plan to promote common prosperity on both sides of the Taiwan Strait — as well as the "one China" issue.

Elaborating on the SEF's suggestion, SEF Chairman Ku Chen-fu pointed out: The "one China" issue is the biggest obstacle to seeking common ground while reserving differences between the two sides of the Taiwan Strait. We must clarify this issue. Given the many misunderstandings between the two sides, policy dialogue is needed to explain our policies. Ku Chen-fu said that the public would be informed if the issue was indeed included in policy dialogue.

Chiao Jen-ho, SEF vice chairman and secretary general, said: Since the SEF is not authorized to set the agenda for cross-strait talks, we hope the MAC, which is in charge of overall planning for cross-strait affairs, will consider this suggestion.

He stated: Defusing cross-strait hostility and tension is an important basis for expediting exchanges and establishing bilateral economic and trade contacts. Besides cross-strait exchanges, we hope to conduct policy dialogue. Policy dialogue has no definitive meaning. Inadequate mutual understanding is the main reason for the current low point in cross-strait relations. Whatever its content, policy dialogue aims to upgrade the level of communication.

On 4 March, Liu Te-hsun, director of the MAC Legal Affairs Department, made a statement on behalf of MAC: The "one China" concept is our government's established policy. It is a method of interpretation that the two sides "give their own expression" to this concept. Because the SEF did not brief Chang Ching-yu on 4 March, MAC will try to understand what the suggestion contained in the SEF's briefing material actually means. He also pointed out: The SEF's briefing material only touches on this issue and does not sketch out a specific framework.

Liu Te-hsu added: If necessary or if substantial relations are at stake, SEF delegates will explain or expound this established policy during negotiations between the two organizations.

***Taiwan: Presidential Candidates' Financial Supporters Viewed**

96CM0160A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 13 Jan 96
No 461, pp 36-38

[Article in four parts by Yang Li-chieh [2799 4539 0267], Chuang Feng-chia [8369 0023 0857], Chuang Sheng-hung [8369 0524 7703], and Tan Shu-chen [6223 3219 3791]: "The Financial Backers Behind the Presidential Candidates"]

[FBIS Translated Excerpt] [Passage omitted] Li Teng-hui's Biggest Financial Backer is the Party [KMT] Business Establishment

With the most well-funded Li Teng-hui having found Lin Kai-fan [2651 6946 5672] to serve as his campaign finance manager, his biggest financial backer is the party [KMT] business establishment. In 1995, while the KMT Financial Affairs Committee [FAC] asked the KMT Management Committee for a budget of 6.5 billion yuan, up 2 billion yuan from the 4.5 billion yuan of 1994, Liu Tai-ying [0491 3141 5391] says that the 1996 budget will be up another 600-800 million yuan from 1995. In addition, Liu Tai-ying says that all party businesses still need to contribute, stating that "while the upper limit [per contribution] is a million yuan, that will add up to some hundreds of million of yuan."

Liu Tai-ying says that while he does not know how the FAC is going to spend this money, he does know that when FAC Chairman Lin Kai-fan asks him for money, he will have to give it. As Lin Kai-fan is the campaign finance manager for the Li-Lien presidential ticket, it is obvious how Lin Kai-fan is going to spend the money he gets from Liu Tai-ying. But as Lin Kai-fan is asking Liu Tai-ying for money, why has the Li-Lien ticket not asked Liu to serve directly as its campaign finance manager? Liu Tai-ying of course says that "that is not my affair, as I do not disburse the funds," meaning that he of course needs to work behind the scenes. But the incident does show that Li Teng-hui has accumulated at least several hundred million yuan that he is going to spend on his presidential election campaign.

In contrast to the previous gubernatorial and mayoral elections, the business world, which was the nominal financial backer at general headquarters [KMT], is nowhere to be seen this time, with all businesses having joined up with native and local factions. For instance, Industry Council Director Kao Ching-yuan [7559 3237 1959] has joined the backup committee in Tainan under the name of general enterprise, while Shunan Cement's Chen Chiang-chang [7115 3068 4545] is a member of the local Kaohsiung gentry. And while Yang Tien-sheng

[2799 1131 3932] was a large financial backer in James Soong's gubernatorial campaign, not only are there no prospects of his being listed at general headquarters, but other factions have also demanded that his name be removed from the rolls of even the Taichung local backup committee.

Chen Lu-an's Source of Contributions is the Religious World

As to a candidate with no party affiliation and not much momentum who was once tailed by the authorities, it is certainly very hard to ask the business world to support such a one who is out of funds. As a student of Buddhism for some years, Chen Lu-an has probably already contributed all that he could to Buddhism in areas such as houses and land, having contributed over 200 million yuan to the Fokuangshan Temple alone. So as to "giving and getting," Chen Lu-an has probably already "given" all that he could, while not being very successful at "getting" now that he is most in need of financial support.

As to Chen Lu-an's financial backers, most people remember the first businessman to come out in support of Chen Lu-an, or Lin Hung-tsung [2651 1347 1350]. But it is understood that in that legislative election campaign, Lin Hung-tsung spent over 20 million yuan on literature and campaigning alone. Those familiar with Kaohsiung campaign affairs also note that if all of the miscellaneous expenses were included, Lin Hung-tsung's expenses in that legislative campaign probably reached as high as somewhere around 130 million yuan. And while the Hung Group still has abundant financial resources, Lin Hung-tsung already contributed greatly to Chen Lu-an when he first announced his candidacy. So if Chen Lu-an is still depending on Lin Hung-tsung alone for future campaign financing, it seems that his tight finances are going to get even tighter. It is understood that the Chen ticket's current daily income is averaging only around 200,000 yuan. "Except for Li Teng-hui, all presidential candidates are going to experience tight finances!" That is the view of the state of campaign finances for the first presidential election of a figure in the Chen Lu-an camp who is familiar with finance.

So to control spending, most backup committees in all areas adopted last month the "self-sufficiency" model as, even when the headquarters could provide occasional aid, it was not enough to meet the needs of backup committees in all areas. In backup [candidate aid] committees in all areas, except for contributions by officials and volunteers, most money is coming from voluntary public contributions. That is why when backup committees open up for business, all one has to do is look at

their list of contributors to discover the names of their officials.

While the Buddhist world has good relations with Chen Lu-an, so much so that it is rumored to be backing him financially, this is certainly not confirmed by the financial affairs personnel in the Chen camp. Figures within the Chen camp disclose that the support by believers to monks is nearly all in petty cash, with the amount of cash held by well-known monks certainly not as large as thought by outsiders. But while the amount of its campaign financing is still uncertain, the religious world's help in the signature-gathering process has saved the Chen camp considerable money.

While the Chen Lu-an camp has reached a consensus on "economizing," it is subject to much dissension over how to spend campaign money. A figure in the Chen camp who is familiar with the media notes that while the daily broadcasting on 13 cable TV channels of the two large image ads, or "The Light After a Millenium of Darkness" and "Taiwan Travels," is of great value, it costs 6-10 million yuan a month, certainly putting great pressure on the Chen Lu-an camp where finances are already so tight.

The Chen camp's fundraising is now being handled mainly by a campaign finance committee directly affiliated with Chen Lu-an, whose directorship is being held concurrently by Campaign Office Secretary General Chen Feng-yi [7115 0023 5030]. It is understood that Chen Feng-yi had hoped that once he took the job of finance committee director, he would be succeeded at the Campaign Office by Deputy Secretary General Chang Lung-hsien [1728 7893 2009]. But Chang Lung-hsien told Chen Feng-yi that as he was not a politician, having no political following, he would probably be unsuccessful as a fundraiser, so regretfully declined Chen Feng-yi's invitation.

Lin Yang-kang Has Launched 10,000-Man Solicitation Campaign

When people hear that the Lin Yang-kang campaign has spent less than 20 million yuan since its formation in March 1995 to the present, they seem to feel that Lin Yang-kang is running for local office, not president. The major reason why his campaign finances seem so threadbare is that Lin Yang-kang is embarrassed to ask for money. Which is quite similar to Peng Ming-min's situation.

The Lin-Hao camp fundraisers estimate that all outside contributions have been made voluntarily. But while they consist of money contributed by tens or hundreds of thousands of small contributors, Lin Yang-kang

invariably responds by phoning and thanking each contributor in person, often overwhelming them.

The problem is that while his backers urge Lin Yang-kang to boldly solicit from the business world, the always meek and yielding Lin Yang-kang is never brazen enough to do so, meaning that his income from small contributions invariably leaves him in a position of bare self-sufficiency. Lin Yang-kang recently announced suddenly on a mountain-climbing trip with reporters that he was going to launch a 10,000-man solicitation campaign, in which each person will contribute 1,500 yuan, to reach his goal of raising 15 million yuan in earnest money. But it should be noted that this idea came from one of his friends.

His backup committee estimates that he has spent to date 4 million yuan on advertising, over a million on computer software and hardware systems, 1 million on modifying five propaganda vehicles, 3 million on personnel, 2 million on packaging, over 2 million on collecting signatures, and some in other areas such as publicity and printing, which added together does not exceed 20 million yuan.

While such thrift has many causes, one of them is his many free promotions. For instance, on the first floor and in the basement of his backup committee building, 150 rooms were provided free of charge by his supporters, with Lin Yang-kang's first publicity film also having been shot free of charge by an advertising firm.

In addition, his backers have many financial resources. For instance, an insignia manufacturing firm asked his backup committee for the photograph rights to Lin Yang-kang and Hao Bo-tsun, then donated four crates of badges bearing their pictures. The backup committee subsequently sold them for some tens of thousands of yuan, and is now manufacturing such badges itself for sale. Moreover, it is selling for 100 yuan each "1996 Campaign Booklets" consisting of pictures of Lin Yang-kang's speechmaking and life.

So such small contributions accompanying the signature-gathering process have made his backup committee self-sufficient. Backup committee officials note that all signature-collection sites are receiving contributions in varying amounts, with the backup committee calling the Jungmin General Hospital a particular gold mine, as it takes in daily contributions of at least 17,000 yuan, with its one-day record being 59,000 yuan. So with all contributions averaging 50,000 yuan a day, or 1.5 million yuan a month, the backup committee is well funded.

For instance, Lin Yang-kang is now planning a [Lunar] New Year's Eve TV campaign speech. And while it will certainly not be expensive to film, its advertising costs will certainly be no minor burden. But Lin Yang-kang has announced that he will not go abroad during the campaign, which will save considerable money.

Peng Ming-min Plans To Raise 1 Billion Yuan

Peng Ming-min's financing has always seemed to outsiders to be no problem. In addition to his public support, the wealthy Ku Kuan-min [6581 1404 2404] has also supported him. But Peng Ming-min's financing is not as ideal as it would appear.

In the Peng Ming-min camp, Secretary General Lin Cheng-yi [2651 6134 0001] has done triple duty as council chairman. Ever since Peng Ming-min returned to Taiwan from overseas, Lin Cheng-yi, as Peng Ming-min's teacher, has always been at Peng's side helping him. In addition to financial support, Peng Ming-min often solicits Lin Cheng-yi's opinions. In particular, when Peng Ming-min set up his foundation, as Lin Cheng-yi provided generous financial support, Lin has gradually become Peng Ming-min's most trusted backer.

In addition to Lin Cheng-yi, attorneys Lin Min-sheng [2651 2404 3932] and Ku Kuan-min have also contributed much money to Peng Ming-min's election campaign, with Ku Kuan-min's financial support alone making outsiders feel that Peng Ming-min is well funded.

But in the interests of smoother fundraising, Frank Hsieh has brought Formosa Friendship Society Chairman Hung Teng-ko [3163 4098 4430] on board as general finance director. Hung Teng-ko has funded many DPP politicians. In the 1995 gubernatorial and mayoral elections, Hung Teng-ko served as Chen Shui-pien's campaign finance director. And once Frank Hsieh had joined the campaign fray after the mayoral election, Hung Teng-ko gradually got to know Hsieh, which is why he has invested in the Peng-Hsieh camp.

In light of Hung Teng-ko's past fundraising experience, plus Frank Hsieh's existing welfare state' backers, Peng Ming-min's fundraising is likely to expand into other areas. But his overall fundraising is not going as smoothly as might be imagined. It is understood that due to the welfare state' connection, some righteous financial backers have gone back to the Li Teng-hui camp. In addition, as Peng Ming-min's connections with figures such as Ku Kuan-min and Lin Min-sheng have left many people feeling generally that Peng Ming-min's campaign finances are no problem, that has affected his fundraising.

Due to Peng Ming-min's personal lack of "fundraising" initiative, with his stand that he ought to leave the job

to someone else and let others share in the resources, for Peng Ming-min to say to others in respect to fundraising: "Will you please all contribute a little more!" is something that Peng Ming-min is simply unable and embarrassed to do. On 2 January, when Peng Ming-min was on a campaign tour, his campaign headquarters held a fundraiser in front of a teahouse, with his aides having arranged an autographing by Peng Ming-min. But with the contributions box sitting right in front of him, Peng Ming-min invariably said a somewhat embarrassed "thanks!" to each contributor, and then very earnestly signed his autograph.

As his headquarters has spent too much in areas such as office rentals and public opinion polling, in addition to headquarters equipment alone costing nearly 15 million yuan, plus the unavoidably large costs of campaign literature, campaigning, and personnel expenses as election day nears, the Peng Ming-min headquarters is now intensifying its fundraising.

As to current plans, in addition to holding fundraising dinners everywhere in Taiwan before New Years, the headquarters has made up six grades of contribution souvenir badges, with those contributing over 2,000 yuan to receive bronze, silver, or gold souvenir badges. In addition, the headquarters has also assumed a fundraising function, to raise amounts varying from tens of thousands to a million yuan. It is understood that the headquarters hopes that such fundraisers will raise a billion yuan, so that the Peng-Hsieh ticket will have no campaign worries.

***Taiwan: DPP-CNP Grand Reconciliation' Criticized**

96CM0163A Taipei HEIPAI HSINWEN [TAIWAN WEEKLY] in Chinese 24 Dec 95 No 116, pp 23-25

[Article by Li Yi-jen [2621 5030 0088]: "The DPP-CNP Coalition' Is Dangerous, With Both Parties Cautiously Attacking and Defending It"]

[FBIS Translated Excerpt] "A politically tactical coalition absolutely must not act out of line with the party's basic stand!" That appeal now seems to have become the keynote of criticism of the party center by DPP supporters both in Taiwan and abroad.

Since the "string of coffee klatches" touched off by the meeting of senior DPP and CNP Central Committee officials on 15 December [1995] in the LY [Legislative Yuan] Friendship Hall, the long-suppressed discontent within the DPP has finally exploded like a string of firecrackers resounding constantly throughout Taiwan. The public debate among DPP supporters can be heard everywhere, with the wave of criticism seemingly louder than the sound of approval.

A DPP legislator has characterized the Central Committee meeting of figures such as Chen Kuei-sen [7115 4097 2773], Chou Chuan [0719 5425], and Chao Shao-kang [6392 1421 1660] as "the weasel paying his respects to the hen" — not with the best of intentions. And many righteous legislators last month criticized Shih Ming-teh and Chou Po-lun [0719 0130 0243] even more sharply for violating party procedures and undermining party principles and policies. There has already been some egg-throwing at the DPP Central Committee Headquarters, with some shouting about quitting the party in protest, and others in the south even going so far as to threaten they were waiting for central party workers to come and explain their actions, preparing to great them with "tomatoes and eggs."

Legislator Chang Hsu-cheng [1728 2485 2052], who has a political science background, analyzes the situation as one in which the party's basic principles must not be compromised, and even less so violated, by a tactical alliance, or else the public will certainly be unforgiving. He asks, as the DPP and CNP stand respectively for independence and unification, how can those stands be arbitrarily abandoned? That would create the false impression that the CNP is also a native Taiwan party, so that even the DPP would be seeming to accept the CNP's stand and cooperate with it. Such a misconception would do great harm to Taiwan's future.

But those who support the the DPP attempt at "grand reconciliation" with the KMT and NCP, for a united "grand coalition government," hold that the DPP should in fact not be so lacking in self-confidence. As the party [DPP] Central Committee has adopted these tactics only after long consideration, they are absolutely not arbitrary. And as this effort to ease the longstanding tyranny and public polarization in Taiwanese society will be a protracted one, outsiders ought to await its outcome with patience and faith. Besides, as CNP members are also Taiwan nationals, their future existence must never be ignored.

While the recent dialogue and cooperation by the DPP Central Committee with the CNP under pressure from all sides will certainly shift and even possibly collapse, the tactical debate over a future coalition of political parties will certainly continue unceasingly.

Having developed this far, the issues most in need of exploration are: What will be the pros and cons to each party of the tactical alliance between the CNP and the DPP? And what variables and conflicts will it bring to the presidential election?

This matter that the media playfully calls a play "by inference" actually arose out of a "dialogue" between two LY party officials, the DPP's Chou Po-lun and the

CNP's Chou Chuan. Chou Chuan, who was just elected to succeed Yao Li-ming [1202 4539 2494] as the CNP legislator from Kaohsiung County, has used his support for the DPP in winning the post of LY vice president as bait to persuade Chou Po-lun to help him organize a "clear ruling coalition," which is targeted at a number of KMT legislators, in an attempt to break the KMT's LY monopoly.

After the "coffee klatch" in the LY, this seemingly well-intentioned coalition not only gained media attention, but also immediately aroused alarms within the KMT. The generally acrid KMT spokesman Chien Han-sheng [4675 3352 3932] fired off the sarcastic remark the very next day that "the alliance of the DPP that stands for independence with the CNP that is in such a rush to unify is essentially one of a swindler with a politician." But the CNP responded publicly to the media through its national committee convener Chen Kuei-sen that the contacts between the CNP and the DPP to discuss cooperation would help to ease the tense grassroots public standoff among all political parties.

On the other hand, politically sensitive DPP legislators such as Shen Fu-hsiung [3088 1381 7160] sensed a certain "loss of flavor" in the coffee klatch of Shih Ming-teh, Chou Po-lun, Lin Cho-shui [2651 3424 3055], and Chiu Yi-jen [6726 5030 0088] with the CNP's Chen Kuei-sen, Chao Shao-kang, and Chou Chuan. Such a bizarre political flowering is very likely to have severe consequences for the DPP as, if not handled well, it could cost it its supporters and lead to its future self-destruction.

1. The CNP that did so well in the third legislative elections so aspires to rope the DPP into an alliance out of two strategic political considerations. 1. As the CNP has only 21 seats in the LY, leaving it still the smallest party, the Balance of Power [source-supplied English] theory holds that if the smallest party plans to play a crucial minority role between the next largest and the majority parties, it has to keep the two larger parties from forming an alliance, or else be forever satisfied with standing aside to play no role at all. 2. As the key to the CNP's recent legislative victory was its successful tactical opposition to Li Teng-hui, having sharply criticized the KMT under Li Teng-hui for its collusion with syndicate money, and having sharply attacked Li Teng-hui over the Hungshi mountain villa incident, the KMT and CNP were already in a friend-vs-foe state of "life-and-death" conflict. So the CNP figured that as it would be absolutely impossible in the short term to win KMT forgiveness, an initiative to win over the DPP could widen the cooperation gap between the DPP and the KMT. But at the right time in the future, the CNP is bound to turn around and actively close ranks

with the majority KMT, kicking off the DPP burden so that it can freely operate between the KMT and the DPP.

2. CNP actions such as its initiative in helping the DPP win the post of LY vice president can bring political breadth to Taiwan society of natural grace and no grudges over previous ill will. Moreover, the CNP can exploit the DPP's strong call for "grand reconciliation" to win more identification from undecided voters, as a key political resource for keeping the DPP from winning them all in the March 1996 presidential elections.

Buk if the DPP makes the mistake of really taking the bait of bipartisan cooperation to win the post of LY vice president, then a large part of the ironclad DPP supporters who owe the CNP few political favors and are bitterly resentful over the DPP-CNP collusion are likely to either not vote out of disappointment, or even vote for someone else rather than for the DPP-supported Peng-Hsieh ticket. Such a split in DPP voters would be obviously quite beneficial to the Lin-Hao ticket in the coming presidential election, leaving them to just sit by and await their lucky day, with possibly even a consequent victory!

In fact, if the Lin-Hao ticket beats the Peng-Hsieh ticket in the presidential election, the CNP could immediately become the second largest party with the post-election momentum of Lin and Hao. And on the other hand, if the DPP suffers a crippling defeat in the presidential election, its whole momentum will certainly decline disastrously, leaving its growth drive and morale consequently sapped, which would certainly be a sharp blow to the best laid plans of the Taiwanese independence party.

So the political alliance at ideological cross purposes of the DPP with the CNP is not only going to give the CNP a haven against KMT political retaliation, to avoid a bipartisan DPP-KMT attack. It is also going to enable the CNP to wait and seize the right time of left-right vacillation to bring its crucial minority dominance into full play, to play off the two larger parties against each other in the LY to its great satisfaction. [passage omitted]

***Taiwan: College Students' View Presidential Candidates**

96CM0163B Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese 30 Dec 95
No 459, pp 36-38

[Report by Wang Sheng-fen (3076 5110 5358): "Peng Ming-min Has the Best Ratings, but Chen Lu-an Is Most Fascinating"]

[FBIS Translated Excerpt] [passage omitted] At this National Affairs Forum on "We Would Like To Ask You Mr. President" sponsored jointly by THE JOURNALIST, Government U, Super TV [TBS], and LIEN HO

PAO, three presidential candidates sat face-to-face with young students in a free discussion of political beliefs.

Taking advantage of this opportunity, THE JOURNALIST conducted a three-day "Poll of College Students' Intentions in the Presidential Election" aimed particularly at the students taking part in the forum. And while about 60 percent of the participants were unwilling to disclose their personal views, meaning that some covert intentions could not be fully expressed, as to the whole questionnaire return process, after excluding some respondents who did not conform to age and scholastic background terms, THE JOURNALIST did collect 427 valid samples concerning Chen Lu-an, Lin Yang-kang, and Peng Ming-min on 13, 14, and 15 December [1995] respectively. The data showed that 64 percent of the younger generation had made up their minds about who they were going to support in the coming presidential election, with the other 36 percent still undecided.

Through a cross-analysis of the results of this intentions poll, we have collated the following general observations:

As to the decided support, the DPP's Peng Ming-min ranks first with 42 percent, with Lin Yang-kang second at 27 percent, Chen Lu-an third at around 17 percent, and current President Li Teng-hui last at 10 percent.

As to supporter attitudes, we found that the younger generation generally favor the intimate Uncle Kang' [Lin Yang-kang] and the honest and warm Chen Lu-an. In other words, the younger generation holds that their personal qualities such as "honesty, sincerity, correctness, and selflessness" give them a close emotional affinity to the younger generation. As to another candidate with a scholarly image, or Peng Ming-min, the younger generation identifies more with his "political beliefs" than they are attracted to his "personal charm."

The combined support for the "Lin-Chen tickets," or the so-called "third force" alliance — as compared with that for Peng Ming-min, whose stand for Taiwanese independence is quite clear — is only two points higher, showing the obvious diversity of views on campus about Taiwan's future status as to the unification-independence issue.

"He has specialized accomplishments in international law and a broad enough international perspective to be able to effectively resolve the issue of our national status." That was how one Government U political science sophomore coed described her grounds for supporting Peng Ming-min.

An identification with his elevation of a balancing opposition-party force and priority belief in Taiwan

seemed to be the major reasons why students support Peng Ming-min. Some views that appeared very frequently on the questionnaires were "with personal dignity being important, national dignity is even more so," and "support for Taiwanese independence is our only means of international survival." "Without independence, Taiwan will never be anything but a faceless concubine." Those were the bold words written on the top of his questionnaire by one Taiwan U agricultural economics student.

In addition, it is quite interesting that as Li Teng-hui was not in attendance, over 50 percent of Li supporters made Peng Ming-min their second choice, which figure was not much different from the 54.8 percent who are diehard supporters of Peng Ming-min. As to the younger generation, these two candidates seem to have somewhat overlapping beliefs and images, even to the extent of being complementary. And while Peng Ming-min has done all possible to distinguish his "market territory" from Li Teng-hui's, their supporters are certainly more similar in this sense than those of other candidates.

As to the intentions of the undecided, the figures in descending order after listening to their respective campaign speeches were 70.9 percent leaning towards Chen Lu-an, with 54.8 percent favoring Peng Ming-min, and 23 percent for Lin Yang-kang.

While Chen Lu-an's moderate scholarly image differs somewhat from the public expectations of distinctive leadership qualities, the press understands Chen Lu-an's unique speechmaking style. And this advantage once again made a strong impression on the subsequent response of students.

As for the number of participants in the [three-day] forum, while there were more on Lin Yang-kang's day, that day when the number of participants was largest and the atmosphere was most intense was strangely enough

also the day when the number of valid samples received was the smallest, making up only 21 percent of all valid samples. And in addition to that being explainable by the fact that more off-campus figures were in attendance, it seems that another of its causes was that the always eloquent Uncle Kang' did not win the support of certain undecided voters.

Probably because of the KMT Central Committee's having "revoked the party membership" of Lin Yang-kang and Hao Po-tsun, the attention on his day was focused completely on Lin Yang-kang's stance toward that party disciplinary action, as well as on his complex dispute with Li Teng-hui, to the extent that while the dialogue was quite interesting in substance, it seemed somewhat inadequate as to domestic affairs and foreign policy issues. In other words, the debate over positions and factions was somewhat diluted by Lin Yang-kang's persuasiveness on his political beliefs. In addition, as to the gender gap, the political questionnaire recovery rate for the younger generation of men and women was respectively 49.2 percent to 50.4 percent. The data showed Chen Lu-an's support to be 52.2 percent female and 47.8 percent male, for a whole four-point difference, while more men support Li Teng-hui, Lin Yang-kang, and Peng Ming-min. [passage omitted]

Finally, as to academic discipline, Peng Ming-min had the largest support among all concentrations such as physics, engineering, medicine, literature, law, and business, with the undecided sample also showing Peng Ming-min most favored by law students, at 50 percent.

But a senior at Government U Law School says that while the candidates on the four tickets each have their strong points, whether they have enough political resources and executive skill still needs observation and testing.

Hong Kong

Hong Kong: Final Budget Under British Rule Criticized

HK0703082596 Hong Kong WEN WEI PO in Chinese
7 Mar 96 p A2

[Editorial: "Playing Magic and Borrowing Today's Food Against Tomorrow's Income"]

[PTS Translated Text for FBIS] The British Hong Kong Government yesterday issued its 1996-97 budget. Although the budget was read by a Chinese, Patten's policy address and his plans before the withdrawal played the principal role.

Squandering money and spending extravagantly in welfare were the focus of Patten's policy address. For this reason, the financial secretary could only serve as a cashier and meet the governor's policy address demands. All the spending has been determined and the financial secretary's responsibility is to seek a balance of revenue and expenditure so as to "keep expenditures within income."

The inhabitants may feel strange that despite the drastic increase in welfare spending by over 20 percent, the financial secretary yesterday proposed further increasing welfare for the elderly, increasing comprehensive aid (an average of HK\$10,270 for a family of four), increasing the New Year lucky money for the elderly, reducing stamp duties for home purchases by a maximum of HK\$26,000, increasing tax allowances by 14 percent, offering HK\$30,000 of subsidies to new car buyers, cutting heritage tax, tax exemption for revamping hotels, tax cuts for retail sale outlets... Since welfare has increased and incomes from land sales and taxation have dropped, how could he present a favorable balance? Is the financial secretary not playing magic? What is the secret of all this?

So, the secret lies in the large scale cutting of capital construction reserves and funds, and of the spending in transportation projects. As a result, spending in this regard increased by 9 percent. However, the budget, which had the title "Developing the Economy," volubly talked about "developing Hong Kong's capital construction, that is, railway, ports, airports, and relevant supporting services," "we are vigorously preparing a strategy for railway development and proposing the building of three railways." The tune of "developing the economy" is high, but is there any capital injected into railway construction? Only HK\$15 million is allocated! The word does not match the deed. After cutting spending in capital construction, the financial secretary acknowledged in his budget that "the drawing of reserves from the Special Administrative Region [SAR] to inject capital to the

Kowloon-Canton Railway and MTR [Mass Transit Railway] may be one of the possibilities." How much does that amount to? The financial secretary did not elaborate. However, the public knows that the MTR needs a capital injection of HK\$30 billion while the construction cost of the Northwest Railway (not including land acquisition) is HK\$75 billion. The two figures added together would exceed HK\$100 billion. As the Hong Kong Government frequently delays the start of construction of half of the projects, the reserves allocated to capital construction are not always used. The government also temporarily cancels or delays projects. As a result, the spending on capital construction and transportation is "saved" like magic. The money saved from capital construction can be misappropriated to welfare benefits, cutting income taxes, and drastically reducing first car registration and stamp duties for house purchases, and everyone is getting "sweets." The British have become "generous people" in the 400-plus days before their withdrawal.

Nevertheless, when the consequences of eating next year's food arises in 1997, there will be debts in capital construction and transportation projects. As the financial resources are exhausted, it will be impossible for the SAR Government to cut taxes and spend extravagantly in welfare benefits. Then the SAR Government will be in a very passive and difficult situation. Any proposal on increasing taxes at that time will meet with strong objections. If reserves accumulated over the years are used, the SAR will face a financial crisis. In the railway spending alone, the SAR will owe a debt of over HK\$100 billion. Moreover, the payment of HK\$93.6 billion promised by the Hong Kong Government for the new projects till 31 March 1997 is still outstanding. Then the so-called financial reserves of HK\$150 billion left by the Hong Kong Government will all have to be spent.

Some people say: "You do not have to worry because we still have a lot of money in the land reserve." Is that true? According to the financial secretary's mid-term estimate, public spending of the British Hong Kong Government will increase by 7.6 percent during the 1996-97 period while the figure will increase only 5 percent during the 1997-98, 1998-99, and 1999-2000 periods. They spend money lavishly, but are asking the SAR to lead a frugal life and tighten people's belts. According to the mid-term estimate, public spending of the Hong Kong SAR would amount to HK\$334.6 billion for 1999-2000. In light of the prudent financial philosophy of the British Hong Kong Government, financial reserves should remain at the level of two-thirds of the year's public spending. In other words, financial reserves should at least reach

HK\$224.1 billion to meet the adverse circumstance of "torrential rain" as described by the financial secretary. Even a primary school pupil can calculate whether the SAR will have HK\$365 billion of reserves by the year 2000 as mentioned by the financial secretary, leaving aside the debts owed to MTR, Northwest Railway, the second new airport runway, and other projects.

The financial budget presents a very beautiful picture to the Hong Kong people—establishing a science zone, developing the second science and technology center, and doing preparatory work for the fourth industrial estate. All this conforms to the theme of "Developing the Economy," but the financial secretary has failed to pay the bills now. Instead, he wants the future SAR to pay. As to the high rate of unemployment, the British Hong Kong Government has not adopted any measures to support the local industry and increase job opportunities in the manufacturing industries. We would like to ask: Can the tens of thousands of vacancies requiring degrees be filled by the unemployed factory workers through vocational retraining?

We hold that there is nothing wrong with the main theme of the budget, "Developing the Economy and Improving People's Livelihood." However, there are only postures but no substantial and effective measures to support the idea. At the time when there are only 400-plus days left for the transfer of government, the main theme of the budget should have been "Long-Term Prosperity, Smooth Transition, Developing the Economy, Practicing Economy, and Making the People Rich."

Restrained by Patten, the financial secretary still could not talk about the drafting of the 1997-98 budget and respond to China's call of "joint drafting, with

the Chinese side playing the main role." For this reason, all long-term plans spanning 1997 and which are conducive to Hong Kong's prosperity and stability are touched superficially, but no actual funds are allocated. The financial secretary merely repeated the tone of his superior: "In drafting the 1997-98 budget, the Chinese side will be fully consulted." Is consultation enough? The British Hong Kong authorities still want to dominate the SAR Government's finances. Should this be the cooperative attitude taken toward the transfer of political power?

Hong Kong: 7th, 8th 'Informal' Sino-Hong Kong Meetings Set

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[FBIS Transcribed Text] Hong Kong, March 7 (XINHUA) — The seventh and eighth informal get-together between Chinese government officials and senior Hong Kong civil servants will take place on March 14 and 18 this year, according to a spokesman of the XINHUA News Agency Hong Kong Branch here today.

The get-together will start at 10:30 hours on the two days.

Among the Chinese government officials to participate in the get-together are Yuan Pengyan, secretary-general of the XINHUA News Agency Hong Kong Branch and Lu Ping, Deputy Head of the Hong Kong Political Affairs Department of the Hong Kong and Macao Affairs Office of the State Council, Wang Weiyang, Chinese representative for the Sino-British Joint Liaison Group, the spokesman said.

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